

**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

Senate Committee on Health and Human Services
Senator Joy A. San Buenaventura, Chair,
Senator Henry J.C. Aquino, Vice Chair, and
Committee Members

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

H.B. 1675 H.D. 1 Relating to the General Excise Tax

Testimony of John C. (Jack) Lewin, M.D.
SHPDA Administrator

Wednesday, March 20, 2024
1:00 p.m.

1 **Agency's Position: SUPPORT**

2 **Fiscal Implications: none**

3 **Purpose and Justification:** SHPDA is newly charged to be the State's oversight body for
4 assuring universal access to high-quality, equitable, and affordable health and long-term care
5 for ALL citizens. As such, we are concerned about the glaring Hawai'i health care workforce
6 shortage issues, which are getting worse and adversely affect access to care and therefore
7 health outcomes.

8 Hawai'i must exempt independent clinical practices for General Excise Tax (GET) or
9 face increasing shortages and serious health consequences for our population, and particularly
10 our neighbor islands. This is not exaggerated.

1 Hawai'i is one of two states that apply the GET to the medical practice income of
2 physicians, advanced practice nurses, physician assistants, and other independent practice
3 health care professionals.

4 HB 1675 HD1 would exempt independent primary care practices from the GET. The
5 GET currently does not apply to hospitals or to physicians and other professionals employed
6 by hospitals, Kaiser Permanente, and other larger systems. However, independent practices,
7 critically important for access to care, are the "endangered species" of the workforce shortage
8 of health professionals, who are retiring early in larger numbers, and often departing for the
9 mainland to improve financial viability, with the opportunity for both higher incomes and the
10 absence of a GET tax burden.

11 The result is an increasing access to care problem affecting most severely neighbor
12 island and rural populations, kūpuna, and high-risk patients. Lower access to care results in
13 poorer health outcomes and higher health care costs.

14 In our view, the GET exemption for independent medical practices should likewise apply
15 to affected specialty practices. Specialists are also in short supply in Hawai'i and have
16 incomes considerably lower than those of their colleagues on the mainland. We must
17 encourage recruitment and most importantly, retention of both primary and specialty
18 physicians, advanced practice nurses, physician assistants, and other health care
19 professionals in short supply.

20 Only Hawai'i and New Mexico have yet to recognize this is ineffective public policy and
21 a detriment to public health. Please vote to exempt the GET for independent physician and
22 health professional practices in Hawai'i.

23 Mahalo for the opportunity to testify.



DISABILITY AND COMMUNICATION ACCESS BOARD

1010 Richards Street, Room 118 • Honolulu, Hawaii 96813
Ph. (808) 586-8121 (V) • TTY (808) 586-8162 • Fax (808) 586-8129

March 20, 2024

TESTIMONY TO THE SENATE COMMITTEES ON HEALTH AND HUMAN SERVICES AND ON COMMERCE AND CONSUMER PROTECTION

House Bill 1675 HD1– Relating to the General Excise Tax

The Disability and Communication Access Board (DCAB) supports House Bill 1675 HD1 – Relating to the General Excise Tax.

The bill exempts medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider from the general excise tax. The cost of medical services is one of the main factors in Hawaii's high cost of living. Any legislation that helps to lower this cost will therefore greatly benefit our residents.

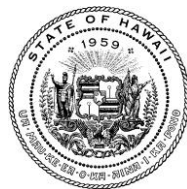
Thank you for considering our position.

Respectfully submitted,

KIRBY L. SHAW
Executive Director

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

TESTIMONY OF GARY S. SUGANUMA, DIRECTOR OF TAXATION

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1675, H.D. 1, Relating to the General Excise Tax.

BEFORE THE:

Senate Committees on Health and Human Services and
Commerce and Consumer Protection

DATE: Wednesday, March 20, 2024

TIME: 1:00 p.m.

LOCATION: State Capitol, Room 225

Chairs San Buenaventura and Keohokalole, Vice-Chairs Aquino and Fukunaga, and
Members of the Committees:

The Department of Taxation ("Department") offers the following comments
regarding H.B. 1675, H.D. 1, for your consideration.

H.B. 1675, H.D. 1, adds a new section to chapter 237, Hawaii Revised Statutes (HRS), creating a new general excise tax (GET) exemption for all gross proceeds arising from the sale of medical services provided by physicians and advanced practice registered nurses acting as "primary care providers."

The exemption is available "in addition to any other applicable exemption provided under" chapter 237, HRS. The term "medical services" means professional services, including services provided within hospitals, medical clinics, and private medical practices, that are performed by licensed practitioners pursuant to chapters 453, HRS ("Medicine and Surgery") and chapter 457, HRS ("Nursing"). This act has a placeholder effective date of July 1, 3000, and applies to proceeds received beginning on January 1, 2026.

The Department suggests adding a definition for “primary care provider” to avoid ambiguity as to the types of medical specialties and nature of services that may qualify for the exemption. Specifically, the Department suggests adding the following definition to subsection (b):

"Primary care provider" means a general practitioner, family practitioner, pediatrician, geriatrician, internist, or obstetrician/gynecologist licensed by the State at the time of service under chapter 453 or an advanced practice registered nurse licensed by the State at the time of service under chapter 457 whose primary practice is directed at providing initial point-of-contact, then ongoing, continual care for the patient's basic medical care and treatment, including preventative treatment.

If the bill is passed with the requested amendment, the Department can administer the proposed exemptions beginning January 1, 2026.

Thank you for the opportunity to provide comments on this measure.



Mitchell D. Roth
Mayor

Deanna S. Sako
Managing Director

Robert H. Command
Deputy Managing Director

County of Hawai‘i
Office of the Mayor

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March 15, 2024

Committee on Health and Human Services
Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair

Committee on Commerce and Consumer Protection
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

Hawai‘i State Legislature
415 S. Beretania Street
Honolulu, Hawai‘i 96813

Subject: **H.B. 1675 HD1 - RELATING TO GENERAL EXCISE TAX**
Hearing Date: Wednesday, March 20, 2024, at 1:00 p.m.
Time/Place of Hearing: Via Videoconference, Conference Room 225

Aloha Honorable Chairs San Buenaventura and Keohokalole, Vice Chairs Aquino and Fukunaga, and members of the Committees on Health and Human Services and Commerce and Consumer Protection,

On behalf of the County of Hawai‘i, I offer comments and express our **support** for **HB 1675 HD1**, which would exempt medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider from the general excise tax.

Please consider amending the measure to include Physician Assistants, which are a large part of our healthcare workforce on Hawai‘i Island and medical specialists, who comprise the majority of the missing physician workforce.

The healthcare crisis in Hawai‘i has reached alarming levels, with a continuing decline in our physician workforce. This trend is attributable to many factors, including practitioners relocating to states with more favorable business climates, and the challenging economics of healthcare intensified by the high cost of living in Hawai‘i, and the near lowest insurance reimbursements in the nation. As a consequence, our citizens are burdened with limited access to quality health care.

Please support a GET exemption for primary care medical services as a reasonable and essential step to encourage physician retention and recruitment, and make healthcare more affordable and accessible for all residents of Hawai‘i.

I **support** the passage of HB 1675 HD1. Thank you for the opportunity to testify on this matter.

Mitchell D. Roth
Mayor
County of Hawai‘i

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Tom Cook
Gabe Johnson
Tamara Paltin
Keani N.W. Rawlins-Fernandez
Shane M. Sinenci
Nohelani U'u-Hodgins



Director of Council Services
Traci N. T. Fujita, Esq.

Deputy Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 19, 2024

LATE

TO: COMMITTEE ON HEALTH AND HUMAN SERVICES
Chair Joy A. San Buenaventura • Vice Chair Henry J.C. Aquino

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Chair Jarrett Keohokalole • Vice Chair Carol Fukunaga

FROM: Councilmember Keani Rawlins-Fernandez 

SUBJECT: STRONG SUPPORT OF HB1675, RELATING TO THE GET

Mahalo for this opportunity to testify in *strong support* of HB1675, which would exempt medical services provided by licensed physicians and advanced practice registered nurses acting in the capacity of primary care providers from the general excise tax.

While my preference is for government to establish a single-payer healthcare system to ensure Hawai'i's community members get the best service and most affordable medicine, exempting the specific medical services in HB1675 would at least help to alleviate some of the financial burden on physicians and patients.

In 2022, Molokai lost Dr. William Thomas and Dr. Noa Emmett Aluli, leaving thousands of Molokai patients without a primary care physician. They served our island for decades, and there wasn't a rush of doctors that rushed replace them. Just one. One doctor brave enough to try to fill the gap in service.

On Maui, the residents need healthcare support even more, especially after the fire. Taxing our community members for being sick, or needing mental health support right now feels so insulting. We need your help continuing to reduce barriers to accessing healthcare for community members, particularly the most vulnerable and those living in rural areas.

This exemption would be meaningful to so many on our island, throughout Maui County, and across the pae'aina. Please pass HB1675 today. Mahalo for your consideration.

March 20, 2024

To: Chair San Buenaventura, Chair Keohokalole, Vice Chair Aquino, Vice Chair Fukunaga, and Members of the House Committees

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: March 20, 2024; 1:00 p.m./Conference Room 225 & Videoconference

Re: Testimony in support for HB1675 HD1– Relating to the General Excise Tax

The Hawaii Association of Health Plans (HAHP) respectfully supports HB 1675 HD1. 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 appreciates the effort of this legislature to proactively find solutions to address Hawaii's physician shortage and rising costs for all residents. This bill would be a step in the right direction by exempting medical services provided by licensed physicians and advanced practice registered nurses acting in the capacity of primary care providers from the general excise tax. We believe this will have a positive effect in helping to lower barriers to recruiting and retention of medical service providers who serve our residents and our state.

Thank you for the opportunity to testify on HB 1675 HD1.

Sincerely,

HAHP Public Policy Committee
cc: HAHP Board Members

Senator Joy A. San Buenaventura Chair	Senator Jarrett Keohokalole Chair	Senator Donovan M. Dela Cruz Chair
Senator Henry J.C. Aquino Vice Chair	Senator Carol Fukunaga Vice Chair	Senator Sharon Y. Moriwaki Vice Chair
Committee on Health and Human Services	Committee on Commerce and Consumer Protection	Committee on Ways and Mean

Ashok Kannan, Owner, Avana Health

Phone: (808) 431-5322 | Fax: (808) 427-6093 | Email: ash@avanahealth.org | Website: avanahealth.org

Testimony in support, with proposed edits, of HB 1675, HD1

My name is Ashok Kannan and I represent my independent private geriatric medicine practice which manages medical conditions in older adults in their homes on Kaua‘i. I am testifying in favor of HB 1675, with a request for consideration of a proposed edit to include all geriatric medicine providers for exemption from general excise tax.

This testifier proposes and urges that services by geriatric medicine specialists, in addition to primary care providers, be exempt from general excise tax. This testifier feels that this bill was meant to include all geriatric medicine providers, but may have inadvertently excluded geriatric medicine providers who are not primary care providers, but still experience the same burdens as primary care providers. Geriatric medicine providers, some of whom are not primary care providers, serve older adults who are usually Medicare and/or Medicaid beneficiaries. Medicare policy does not allow other taxes, such as general excise tax, to be passed on to beneficiaries, so geriatric medicine providers directly incur this tax burden. Also, Medicare pays geriatric medicine specialists the same amount as primary care providers for services rendered. In fact, many services provided by geriatric medicine specialists are not currently billable.

As an example, my independent practice exclusively sees older adults in their home on Kaua‘i. Nearly all of the older adults who I see are Medicare and/or Medicaid beneficiaries, so I do not pass general excise tax on to any of my patients, in accordance with Medicare policies. I go to people’s houses, covering the entire island of Kaua‘i. I am not a primary care provider. Instead, I specialize in syndromes like dementia, which usually require more time, different expertise, and different consideration of social and cultural variances than is possible in a routine primary care visit. The older adults that I serve continue to see their primary care providers, in person or via telehealth, and I coordinate closely with their primary care providers. Because the older adults that I see are often Medicare beneficiaries, I do not receive more reimbursement for being a specialist. As a new physician who recently completed my geriatric medicine training at the University of Hawai‘i, I was motivated to start a new model of care for older adults on Kaua‘i. However, the general excise tax increases my tax burden notably and it does, indeed, make other states more attractive locations to provide the home services in which I was trained.

I believe that the intention of this bill was to include geriatric medicine providers, but this bill may be inadvertently excluding geriatric medicine providers who do not practice as primary care providers. I propose that all geriatric medicine providers, practicing as primary care providers and as specialists, be exempt from general excise tax. Thank you for considering this bill and for the opportunity to testify.

HB-1675-HD-1

Submitted on: 3/16/2024 12:04:57 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Scott Grosskreutz, M.D.	Testifying for Hawaii Provider Shortage Crisis Task Force	Support	Remotely Via Zoom

Comments:

The Honorable Senator San Buenaventura (SD-2), Chair
The Honorable Senator Henry J.C. Aquino (SD-19), Vice-Chair Senate Committee on Health and Human Services

The Honorable Senator Jarrett Keohokalole (SD-24), Chair
The Honorable Senator Carol Fukunage (SD-11), Vice-Chair Senate Committee on Commerce and Consumer Protection

Mahalo for hearing HB1675 to exempt primary care providers from GET taxation. In the 2020 session your committees passed SB2542 to exempt primary care providers for medical services, which passed on third reading unanimously:

"§237- Exemption for medical services; physicians; advanced practice registered nurses. (a) Beginning January 1, 2021, there shall be exempted from, and excluded from the measure of, the taxes imposed by this chapter all of the gross proceeds arising from the sale of medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider.

(b) As used in this section, "medical services" means professional services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider, and includes services provided within hospitals, medical clinics, and private medical practices that are performed by licensed practitioners that are rendered under chapter 453 or chapter 457."

In the 2023 session, SB1035 also passed your committees and the Senate unanimously to exempt both primary care and specialists from GET taxation for Medicare, Medicaid and TriCare:

(12) Amounts received by a hospital, infirmary, medical clinic, health care facility, pharmacy, or a medical practitioner for health care related goods or services purchased under medicare, medicaid, or TRICARE. For the purposes of this paragraph, the services need not be performed by a medical practitioner but may be performed by a physician assistant, nurse, or other employee under the medical practitioner's direction.

There are ethical, health, fiscal and legal reasons to abolish the GET taxation of healthcare services in Hawai'i.

ETHICAL

Hawaii is only one of two states to broadly tax healthcare services. Taxing kupuna when they break their hip, or a family when their child develops leukemia is not pono. Taxing healthcare benefits is highly regressive and penalizes those in our society who often are least able to pay. Many forgo medically indicated care because they cannot afford the expense of the healthcare taxation. With serious illnesses such as cancer treatments, the GET taxation could be tens of thousands of dollars of out of pocket expenses for patients.

Hawaii is the only U.S. state that taxes providers for caring for Medicare, Medicaid and TriCare patients. Since medical providers often break even or lose money caring for over half of Hawaii's population on these programs, the GET taxation of gross revenues pushes existing practices into fiscal insolvency. This has resulted in Hawai'i having the worst shortage of primary care providers in America, and shortages of specialists on the Neighbor Islands that often exceeds 50%. New Mexico and Hawai'i have both severely damaged their provider networks by taxing healthcare, but New Mexico corrected this error by revising their taxation of healthcare over many years ago.

HEALTH

The severe shortages of doctors, APRNs, Physician Assistants and nurses in Hawai'i markedly increases morbidity and mortality for many diseases and conditions on the Neighbor Islands, and in rural areas of our state. Department of Health statistics confirm excess mortality for trauma, suicide, cancer, cardiovascular disease, hepatitis C, COPD and asthma and adolescent deaths for Maui, Hawai'i and Kauai counties. The GET taxation of healthcare is directly responsible for many excess deaths, as it is directed only at healthcare providers in private practice, which provides most of the healthcare in Hawaii's rural areas.

FISCAL

The tax revenues from taxing healthcare are not sustainable. 50% of healthcare providers in the recent statewide Community First survey stated they were considering quitting medicine, leaving the state, retiring or limiting their services. It is currently fiscally irresponsible for new providers to invest in the high costs of setting up a new medical practice in Hawai'i. When providers close their private practices to take hospital employment, the state loses the GET, as hospital and nonprofit healthcare workers are already exempt from the GET. The missing thousands of healthcare professionals and their many employees means the additional loss of income taxes, corporate taxes, property taxes and GET revenues from personal purchases from these individuals working in private practice. Soon private medical practices will be largely extinct in Hawai'i, reducing the GET revenues from taxing healthcare to zero.

LEGAL

Hawaii has administered the GET taxation of healthcare in a manner that violates federal Medicare policies. For many years, until recently, the Hawai'i Department of Taxation provided public guidance to healthcare providers to pass the GET tax to their Medicare patients in Tax Facts 98-1. CMS regards passing the GET tax to patients as Medicare fraud, and has warned that doing so will result in referral to the U.S. Inspector General. It is likely that thousands, or even then of thousands of Medicare patients have been charged the GET tax based on inaccurate information proved by the State of Hawai'i.

Further the GET taxation of healthcare negatively impacts classes of federally protected people, including the elderly, minors, disabled, handicapped and economically disadvantaged. It directly causes financial hardship and indirectly contributes to severe healthcare provider shortages, a lack of access to care and excess morbidity and mortality.

Thank you for considering these issues. The Hawai'i Provider Shortage Crisis Task Force respectfully asks that your committees amend HB1675 to include the language in the SB1035 measure your committees passed unanimously last session, to include all healthcare providers, including doctors, APRNs, physician assistants involved in providing primary care and specialty medical care. According to the University of Hawai'i of the majority of "missing" physicians in Hawai'i are in specialty care.

Mahalo Nui Loa,

Scott Grosskreutz, M.D.

Hawaii Provider Shortage Crisis Task Force

To: The Honorable Joy A. San Buenaventura, Chair
The Honorable Henry J.C. Aquino, Vice Chair
Senate Committee on Health and Human Services

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

From: Paula Arcena, External Affairs Vice President
Mike Nguyen, Public Policy Manager

Hearing: Wednesday, March 20, 2024, 1:00 PM, Conference Room 225

RE: **HB1675, HD1 Relating to the General Excise Tax**

AlohaCare appreciates the opportunity to provide testimony in **support of HB1675, HD1**. This measure, beginning 1/1/2026, exempts medical services provided by licensed physicians and advanced practice registered nurses acting in the capacity of primary care providers from the general excise tax.

Founded in 1994 by Hawai'i's community health centers, AlohaCare is a community-rooted, non-profit health plan serving over 84,000 Medicaid and dual-eligible health plan members on all islands. Approximately 40 percent of our members are keiki. We are Hawai'i's only health plan exclusively dedicated to serving Medicaid and Medicaid-Medicare dually-eligible beneficiaries. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating for access to quality, whole-person care for all.

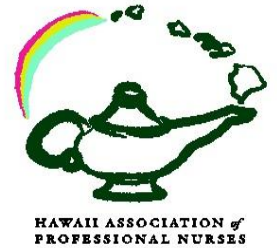
AlohaCare is committed to improving access to care and strengthening the Medicaid program. As you may know, Medicaid enrollment in our State has grown by over 46% from 327,000 enrollees in March 2020 to 476,000 in January 2024. This tremendous growth has put a further strain on our State's already challenged provider capacity. The Hawai'i Physician Workforce Assessment Project Report¹ indicates that Hawai'i is in need of at least 750 doctors, with the greatest statewide shortage being in primary care specialties.

AlohaCare applauds the Legislature for their wisdom in enacting Medicaid reimbursement rate increases in 2023. While not focused solely on Medicaid, HB1675, HD1 is an innovative proposal to recognize and reward current and future primary care providers. We support this measure which we believe will indirectly benefit Hawai'i's Medicaid program by investing in our State's primary care workforce and improving access to care for all residents of Hawai'i.

Mahalo for this opportunity to testify in **support of HB1675, HD1**.

¹ <https://www.ahec.hawaii.edu/workforce-page/>

Hawai'i Association of Professional Nurses (HAPN)



To: The Honorable Senator San Buenaventura, Chair of the Senate Committee on Health and Human Services; The Honorable Senator Keohokalole, Chair of the Senate Committee on Commerce and Consumer Protection

From: Hawaii Association of Professional Nurses (HAPN)
Subject: HB1675 HD1 – Relating to the General Excise Tax

Hearing: March 20, 2024, 1p.m.

Aloha Senator San Buenaventura and Senator Keohokalole, Chairs; Senator Aquino and Fukunaga, Vice Chairs; and Committee Members,

I am writing on behalf of the Hawaii Association of Professional Nurses (HAPN) to express our strong support for Bill 1675 HD1, which proposes a critical amendment to the general excise tax (GET) law, specifically exempting health care services from GET in Hawaii. This legislative change is paramount to ensuring equitable access to healthcare for all residents of our state, an objective that aligns with our organization's mission to enhance the health and well-being of our communities.

It is essential to highlight that Hawaii is unique among the states for imposing the GET on medical services. This tax places an undue financial burden on healthcare providers and, by extension, on patients who rely on their services. Such a distinctive approach not only detracts from the efficiency and accessibility of our healthcare system but also compromises the overall health of our residents.

While we stand in full support of this bill, **we advocate for an amendment to extend the GET exemption to specialist providers and physician assistants (PAs)**. The significance of specialized care is indistinguishable from that of primary care, and it is imperative that this legislation encompasses all aspects of healthcare to truly enhance access and affordability for the people of Hawaii.

The urgency of this exemption cannot be overstated, especially in light of the distressing trends of healthcare provider attrition and clinic closures across the state. Factors such as an unfavorable business climate, retirements, and insufficient insurance reimbursements are driving providers away, further straining our healthcare infrastructure. A recent statewide survey highlighted that nearly half of the providers are considering leaving their practice or the state, a situation that demands immediate action to reverse.

The GET's impact on gross revenues—regardless of a practice's profitability—poses a significant challenge, threatening the sustainability of healthcare practices and the quality of care patients receive. By exempting healthcare services from the GET, we can alleviate these financial pressures, ensuring the continued operation of medical practices and the delivery of high-quality care.

HAPN's dedication to advancing the role of Advanced Practice Registered Nurses (APRNs) in Hawaii has led to significant progress in healthcare access and the recognition of APRNs' scope

of practice. Our efforts to improve both physical and mental health care, supported by the establishment of APRN-led clinics, underscore the critical role APRNs play in our healthcare system. The passage of Bill 1675 HD1 with amendments would further our mission, enabling us to deliver the exemplary care our communities deserve.

In conclusion, HAPN urges your committee to recognize the pressing need for GET exemption for healthcare services in Hawaii. Such a legislative amendment would not only support healthcare providers but also ensure that all residents have access to the care they need. We respectfully ask for your support in passing this bill, which is vital for the health and well-being of the Aloha State.

Thank you for considering our testimony and for your continued support of the nursing profession and healthcare improvement in the Aloha State.

Respectfully,
Dr. Jeremy Creekmore, APRN
HAPN President

HB-1675-HD-1

Submitted on: 3/17/2024 8:37:13 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Colleen Inouye	Testifying for Hawaii Independent Physicians Association	Support	Written Testimony Only

Comments:

Aloha Senators San Buenaventura and Aquino and the members of the Committee on Health and Human Services, and Senators Keohokalole and Fukunaga and the members of the Committee on Commerce and Consumer Protection,

On behalf of the Hawai'i Independent Physicians Association, representing providers in Oahu, Maui, and the Big Island, we are expressing our support of HB 1675 HD1, which would exempt medical services by our physicians and APRNs, acting as Primary Care Providers, from the General Excise Tax.

We have seen the loss of our membership from providers moving to the mainland, retirement, death, and the lack of providers moving to Hawai'i. Patients are left without providers daily. Access to care is lacking. How can we support providers in a non-caring economic environment that is filled with paying a tax other states do not levy upon providers, low insurance reimbursement, and a very high cost of living?

In addition, you are asking providers who lost their medical offices in the Maui wildfire to pay this tax. These providers have continued to provide access to care for their patients despite their loss via virtual and temporary/makeshift offices. The entire independent Maui provider community allowed access to care despite limited records, resources, and patients having insurance plans the providers may not/cannot usually accept.

Please support the exemption of the GET and allow patients to have a provider for primary care medical services and access to medical care. Please support the exemption of the GET to show providers you appreciate that you or your constituents can continue to have a Primary Care Provider.

Thank you for allowing me the opportunity to testify.

Colleen F Inouye MD MS-PopH FACHE FAAPL FACOG

Interim Executive Director of Hawai'i IPA

HB-1675-HD-1

Submitted on: 3/17/2024 10:38:12 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kaohimanu Lydia K Dang Akiona	Testifying for Kohala Coast Urgent Care LLC/Moloka`i Family & Urgent Care	Support	Written Testimony Only

Comments:

15 March 2024

RE: H.B. 1675, HD1 (HSCR934-24), Relating to the GET on medical services

Dear Honorable Senators and Representatives,

I am writing to express my **strong support** for Hawai‘i State Bill HB1675, which seeks to exempt primary medical care from the general excise tax. Please consider AMENDING to include ALL healthcare providers, physicians, and dentists which more sufficiently addresses our current access to care issue.

My name is Ka`ohimanu Dang Akiona, I am a Family Medicine Physician, was among the first class of graduates at Hilo Medical Center’s Family Medicine Residency Program, and I currently provide full-spectrum primary, urgent, and occupational health care including worker’s compensation in Hawai`i County and Maui County on Moloka`i. I appreciate all of you and your esteemed committee members taking the time to hear this bill.

As many of you know, we have a severe shortage of physicians in Hawai’i, as well as nurse practitioners, physician assistants and almost all types of healthcare professionals and providers with an estimated 3,500 open positions for needed healthcare workers in the state. This shortage has had very large impact to access to care- especially primary care, disproportionately moreso in our rural and underserved areas- including much of Maui and Hawai`i County where I serve as an independent family medicine physician.

There are many complex issues contributing to our severe physician/provider shortage, but the number one reason is high cost of living and low pay/reimbursement. For physicians with private, independent offices like me, it is very difficult to make ends meet, and our ability to serve the communities/patients who need it most is very much impacted by our ability to maintain a viable business. I have witnessed many solo and small practice owners in Hawai‘i who have been unable to secure a successor and have either closed or are in the final months/years of their practices because of the high overhead, low reimbursement and what they describe as a hostile business environment including unnecessary administrative burdens from payors like prior authorizations causing delays and disruptions in care and preventable death. I

am no different and while I am wholly committed to serving my patients and community as long as possible, **I am very realistic that the current system/model is not sustainable.** I will not be able to continue providing care for much longer without some immediate changes in the system.

I have worked in larger systems, for community health centers and for the Native Hawaiian Health systems before joining private practice and then opening my own clinic at a time when most people are closing theirs and leaving the state for greener pastures. I also have had the honor of serving patients in some of the most under-resourced areas of our state and the most geographically isolated parts of the whole state. I can say, first hand, that independent practices are key to maintaining access and quality of care in these areas and often offer the safety net needed for rural communities- places where people know they can get care when they need it. To be absolutely honest, people in our communities are dying and suffering preventable complications due to our worsening healthcare situation. We need to consider any and all possible options to improve the basic business conditions for physicians and providers- and addressing the GET on healthcare services is one that has received overwhelming support in the past.

I firmly believe access to quality primary medical care is the cornerstone of a healthy community. It encompasses essential services such as preventive care, chronic disease management, and acute care needs. These services are fundamental to maintaining individual well-being and preventing the progression of health conditions that could become more serious and costly to treat if left unattended. **I am seeing, first-hand, the deaths and complications from disruptions to, and lack of, care and it is becoming more difficult to provide reasonable levels of care under constant financial duress.**

Exempting primary medical care- and ALL medical care including dental care- from the general excise tax **would alleviate the financial burden on healthcare providers and immediately and directly benefit patients.** By reducing the tax burden on healthcare services, providers can allocate more resources towards enhancing patient care, investing in medical technologies, and expanding their practices to reach underserved populations. This would, in turn, help lower barriers to accessing healthcare for vulnerable populations, including low-income individuals and families, especially those on the neighbor islands and rural areas of Hawai'i. Many of these individuals already face significant economic challenges, and adding taxes to essential healthcare services only exacerbates their financial strain. Please note that Hawai'i is one of only two states imposing a tax on Medicare, Medicaid, and TRICARE insurance fees.

I recently extended my own personal resources and opened a branch of my clinic on Moloka'i to provide what care I could for a community already suffering from limited healthcare and resources. With recent serial physician deaths, retirement and subsequent departure of several providers, the patients, families and community suffered immensely - often silently- from delayed and disrupted care, and eventually what we recognize as the **absence of reasonable care-** or speaking more plainly, **negligence.** To date I am among very few providers who responded to Moloka'i's needs in large part due to the high costs associated with providing care, let alone establishing a practice.

I am humbly asking for support as an independent primary care practice. Please help me survive

so I can focus on caring for patients, and continue doing what we can to maintain (and hopefully improve) access to care for our rural, neighbor islands and vulnerable populations.

We need to keep independent practices open to care for the patients in Hawai'i and ensure equal access to good care across the state- **we cannot afford to lose any more of my colleagues to policies & practices that we can address together NOW.** Our families and communities deserve us **all** trying our best to fight for their right to quality healthcare - this **MUST** include considering this tax adjustment to help medical practices across the state. In conclusion, **I urge you to support HB1675 and exempt primary medical care from the general excise tax. Please consider amending to include ALL healthcare providers, physicians and dentists.** By doing so, we can allow medical practices to get beyond just surviving- to thriving- make healthcare more affordable and accessible for ALL residents of Hawai'i, promote better health outcomes, and create a more equitable healthcare system for future generations. Thank you for considering my testimony in support of this important bill and for your time and effort addressing our current healthcare crisis.

ʻO au iho no me ka ha`aha`a,

Ka`ohimanu Dang Akiona, MD



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
Senate Committee on Health and Human Services
Senate Committee on Commerce and Consumer Protection
Wednesday, March 20, 2024 at 1:00 p.m.

By

Lee Buenconsejo-Lum, Interim Dean
John A. Burns School of Medicine

And

Michael Bruno, Provost
University of Hawai'i at Mānoa

HB 1675 HD1 – RELATING TO THE GENERAL EXCISE TAX

Chairs San Buenaventura and Keohokalole, Vice Chairs Aquino and Fukunaga, and Members of the Committees:

Thank you for the opportunity to provide testimony in SUPPORT of HB 1675 HD1 which exempts medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider from the general excise tax.

Hawai'i faces a shortage of almost 800 physicians. Increasing costs and reduced reimbursements have negatively impacted primary care providers, and many providers are struggling to keep their practices open especially on the neighbor islands. Through the surveys of physicians conducted by the John A. Burns School of Medicine (JABSOM) at the Hawai'i Health Workforce Summit as to what could be done to recruit and retain more physicians, the fourth most popular answer from the 274 respondents to the survey was eliminating the GET on medical services.

Medical services rendered at a nonprofit hospital, infirmary, or sanitarium are exempt from the general excise tax, while the same services rendered by individual or group practices or clinics are fully taxable. Presently, government programs such as Medicare, Medicaid, and TRICARE do not compensate for the difference created by the general excise tax, leading to some inconsistency in the economic impact to health care providers. Should the provider try to pass on the tax to the patient, they may be subject to criminal penalties. This measure would be beneficial in eliminating the disparity in compensation as well as easing the financial burden for primary care providers. This in turn may encourage more physicians to practice and remain in Hawai'i.

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



March 15, 2024

To: The Senate Committee
Thirty-Second Legislature, 2024 State of Hawai'i

COMMITTEE ON HEALTH AND HUMAN SERVICES

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

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

From: East Hawaii Independent Physicians Association (dba Big Island Docs)

Subject: Support for HB1675 – Relating to the General Excise Tax

Dear Senators,

We represent over 50 independent private practice providers on Hawai'i Island delivering care to over 50,000 patients. We urge the legislature to exempt Medicaid, Medicare and TriCare health plan payments from the State of Hawaii's General Excise Tax for services we provide. This tax has made it difficult for us to stay in business and continue to serve our community. It has contributed to our severe doctor shortage. Hawai'i has the largest percentage of physicians in private practice in the nation, and it is important that the private practice of medicine remain sustainable for the health and well-being of our community. Our community risks losing even more physicians as their operations become financially unsustainable.

On behalf of our membership, we urge you to pass HB1675 into law.

Mahalo,

A handwritten signature in black ink, appearing to read "Lynda Dolan".

Lynda Dolan, MD
President

A handwritten signature in black ink, appearing to read "Brenda Camacho".

Brenda Camacho, MD
Secretary & Treasurer

A handwritten signature in black ink, appearing to read "Craig Shikuma".

Craig Shikuma, MD
Medical Director, BIHC

www.bigislanddocs.com



*American College of
Obstetricians and Gynecologists
District VIII, Hawai'i (Guam & American Samoa) Section*

TO: Senate Committee on Health and Human Services
Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair

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

DATE: Wednesday, March 20, 2024 1:00 PM

PLACE: Hawai'i State Capitol, Conference Room 225 and video conference

FROM: Hawai'i Section, ACOG

Re: HB1675 Relating to Health Care

Position: STRONG SUPPORT

Dear Chair, Vice Chair and members of the committees,

Hawai'i ACOG supports measure HB 1675, which aims to reduce the negative impact of the general excise tax on group and private practice physicians, and advanced practice registered nurses. We believe that this bill would have a significant impact on improving access to care for those who need it most.

We agree with the legislature's findings that there is an incongruity in the way medical service providers are treated under the existing general excise tax. Presently, medical services rendered at a nonprofit hospital are exempt from the general excise tax, while the same services rendered by individual or group practices or clinics are fully taxable. This inconsistency in the economic impact to health care providers has led to challenges in ensuring cost-effective patient outcomes.

Exempting medical service providers from the general excise tax would encourage cost-effective patient outcomes and improve access to care for many patients. It is important to note that government programs, such as Medicare, Medicaid, and TRICARE, do not currently compensate for the difference created by the general excise tax in Hawai'i, which can lead to inconsistency in the economic impact to health care providers.

As physicians in the community, we have seen firsthand the challenges that patients and healthcare providers face in accessing quality healthcare. Maui in particular right now has a critical shortage of OBs and several of us have been flying from Oahu to help out at Maui Memorial – this is not a long-term solution. We are facing critical shortages of physicians, particularly on the neighbor islands and rural areas. We believe that this bill is a crucial step towards addressing these issues and ensuring that everyone has access to the care they need to live healthy and fulfilling lives.

Thank you for considering our testimony in support of HB1675. We ask you to take action to ensure that this bill becomes law and that we can work towards a better and more equitable healthcare system for all Hawai'i residents.

March 20, 2024, 1 p.m.
Hawaii State Capitol
Conference Room 225 and Videoconference

To: Senate Committee on Health and Human Services

Sen. Joy A. San Buenaventura, Chair

Sen. Henry J.C. Aquino, Vice-Chair

Senate Committee on Commerce and Consumer Protection

Sen. Jarrett Keohokalole, Chair

Sen. Carol Fukunaga, Vice-Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

COMMENTS IN SUPPORT OF HB1675 HD1 — RELATING TO THE GENERAL EXCISE TAX

Aloha Chairs, Vice-Chairs and other members of the committees,

The Grassroot Institute of Hawaii would like to offer its support for [HB1675 HD1](#), which would provide a general excise tax exemption for medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider.

With this bill, the Legislature could bring Hawaii into the mainstream of states that do not tax medical services.

At present, Hawaii is the only state to tax gross receipts on patient copayments and deductibles,¹ as well as the only state to tax Medicare and TRICARE.

Nonprofit facilities are currently exempt from the GET, but private practice physicians are not. Thus, private practice doctors and clinics must pay the state's 4% GET plus any county surcharge.

¹ Effective July 1, 2023, New Mexico allowed for the deduction of copayments and deductibles from its gross receipts tax. At the time, New Mexico was the only state other than Hawaii to tax medical services. "[Gross Receipts Tax and Health Care Services](#)," New Mexico Taxation and Revenue Department, July 2023.

As the Grassroot Institute explains in its report, [“The case for exempting medical services from Hawaii’s general excise tax,”](#) the GET is a significant expense for doctor offices, making it difficult for such practices to thrive in our state.²

A further problem comes with the application of the GET to TRICARE, Medicare and Medicaid beneficiaries. As explained in the Grassroot report, the GET cannot legally be passed on to TRICARE or Medicare patients, which forces doctors to absorb those costs entirely.

Similarly, in the case of Medicaid, doctors must either pursue an indigent patient for their share of the GET, which may result in higher administrative costs than can be recouped, or deny service based on the patient’s inability to pay the tax.

Under the circumstances, many private practice doctors consider it impossible to pass the tax on to Medicaid patients as well.

The result is that physicians are either disincentivized from treating Medicare, Medicaid and TRICARE patients or forced to absorb the GET for those patients.

Fortunately, there is a simple and effective solution, as described in this bill: Create a GET exemption for medical services.

Separate research from the Grassroot Institute of Hawaii found that exempting medical services from the excise tax would help make healthcare more affordable in Hawaii for both doctors and residents.³

Healthcare spending for medical services in Hawaii totals about \$9 billion a year, of which the for-profit private sector accounts for \$5 billion.⁴ An exemption from the state’s 4% GET would save private, for-profit medical providers approximately \$200 million.⁵ Waiving the GET surcharges imposed by the counties would save an additional \$22 million more.⁶ Together, these actions would result in substantial savings for individual practices.

According to the Grassroot study, the savings from that base 4% GET exemption would be about \$5,275 each for the approximately 38,000 full-time workers in the medical industry.⁷ That’s the equivalent to 6.7% of the average medical service worker’s wage and 5.8% of current GET collections.⁸

There are other possible benefits to this exemption. It would help reduce the cost of medical care for Hawaii residents and likely help alleviate the state’s doctor shortage.

² Malia Hill, [“The case for exempting medical services from Hawaii’s general excise tax,”](#) Grassroot Institute of Hawaii, January 2023.

³ [“How the state GET affects healthcare costs in Hawaii,”](#) Grassroot Institute of Hawaii, January 2020.

⁴ [Ibid.](#), p. 2.

⁵ [Ibid.](#)

⁶ [Ibid.](#)

⁷ [Ibid.](#)

⁸ [Ibid.](#)

The most recent report from the Hawaii Physician Workforce Assessment Project estimates that the state has an unmet need for 757 full-time equivalent physicians.⁹ The largest area of need is in primary care, but there are significant shortages across multiple specialties.

The COVID-19 crisis helped emphasize the importance of improving healthcare access in Hawaii. It also demonstrated that we must pursue multiple strategies to address the shortage of healthcare professionals in the state.

Luring new doctors to Hawaii — and keeping here those who are already here — is a complicated proposition. Many proposals would take years to demonstrate success in addressing the issue.

In the meantime, Hawaii residents will continue to suffer from the shortage of available medical professionals and the high cost of healthcare in our state.

It is hard to know exactly how beneficial a GET exemption for medical services would be, but it would at least remove a major burden for existing local practices. If this bill were to encourage more doctors and clinics to stay in the state or keep practicing, it will have accomplished its goal.

It is common practice for the state to use GET exemptions to encourage or aid certain industries. Already, Hawaii exempts petroleum refining, orchards and aircraft maintenance and leasing from the GET. We think healthcare is at least as important as any of those industries, if not more so, and we hope that the members of this committee think so too.

State policymakers are rightly concerned with making healthcare more affordable and addressing the shortage of medical professionals in Hawaii. By creating a general excise tax exemption for medical services, there is an opportunity to make Hawaii a more attractive — and less expensive — place to practice medicine.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

⁹ [“Hawaii Physician Workforce Report 2023,”](#) Hawaii Physician Workforce Assessment Project, December 2023.

Hawai'i Psychological Association

For a Healthy Hawai'i

P.O. Box 833
Honolulu, HI 96808

www.hawaiipsychology.org

Phone: (808) 521-8995

COMMITTEE ON HEALTH AND HUMAN SERVICES

Senator Joy A. San Buenaventura, Chair

Senator Henry J.C. Aquino, Vice Chair

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair

Senator Carol Fukunaga, Vice Chair

March 20, 2024 1:00 P.M. Conf Rm 225 & via Video conference

Testimony in Support of HB1675 HD1 RELATING TO THE GENERAL EXCISE TAX

The Hawaii Psychological Association (HPA) supports HB1675 HD1 to reduce the burden of the general excise tax (GET) on physicians, APRNs and those seeking care in the state of Hawai'i.

The general excise tax levied on Hawai'i's medical and healthcare providers has an adverse impact on low- and middle-class families who already struggle with a high cost of living; as well as on the providers who don't pass along the tax burden to their patients, or who are unable to recoup GET pursuant to certain restrictions in insurance contracts - like Medicaid, Medicare and Tricare plans. HPA therefore strongly supports the exemption of physicians and advanced practice registered nurses in Hawai'i by exempting the general excise tax on all gross proceeds arising from medical services rendered by primary care providers.

However, we believe it's important to recognize and destigmatize the critical need for mental health access and treatment in the state. Those in our profession serve as primary care providers for patients' mental health; and state law and policy should put mental health on par with physical health. Otherwise, the state becomes legally mired in a pre-parity mentality – which is out of step with the current research that establishes this strong correlation. **Mental health and physical health are inextricably linked.**

Accordingly, the same reasons for granting tax relief to MDs also apply to psychologists: long waiting lists; critical provider shortage; and cost of living. Psychologists who are paid less than MDs struggle more with the high cost of living – compelling far too many homegrown practitioners to move to the mainland.

Thus, to strengthen this proposal we encourage language to include psychologists and other licensed mental health providers - who are also of service in the community and who may more adversely experience the impacts and burdens of the GET.

Thank you for the opportunity to provide input into this important bill.

Sincerely,



Raymond A Folen, Ph.D., ABPP.
Executive Director

HB-1675-HD-1

Submitted on: 3/18/2024 10:52:42 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael B Russo, MD	Testifying for Honolulu Neuroscience Clinic	Support	Written Testimony Only

Comments:

I am writing to support HB1675. Honolulu Neuroscience Clinic is a private medical practice incorporated in 2010 with offices in Honolulu, Waimea (Big Island) and Hilo. Managing three offices and 10 staff members, with only one physician and one APRN is challenging at minimum. With the recent cyberattack on the payment portal, income has reduced to a trickle. Only through careful management are we surviving. GET relief would allow us to continue operations with less fear of financial collapse and less fear of failing in our obligations to our patients, our community, and to our staff. Michael B Russo, MD



'Ahahui o nā Kauka

677 Ala Moana Blvd., Suite 1015

Honolulu HI 96813

Phone 808.548.0270

E-mail huikauka@gmail.com

2023-2024 Advocacy Committee

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President*

*Kapono Chong-Hanssen, MD
Vice-President & Advocacy Chair*

*Mahealani Lum, DO
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Natalie Young-Albanese, MD

March 18th, 2024

COMMITTEE ON HEALTH AND HUMAN SERVICES

Senator Joy A. San Buenaventura, Chair

Senator Henry J.C. Aquino, Vice Chair

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair

Senator Carol Fukunaga, Vice Chair

Group Testimony in support of HB1675HD1 RELATING TO THE
GENERAL EXCISE TAX

'Ahahui o nā Kauka is an organization of Native Hawaiian physicians dedicated to the health of the people of Hawai'i and Native Hawaiians in particular. We support HB1675 HD1 in its efforts to address the harms of the regressive taxation of health care and improve the access to care crisis Hawai'i faces.



Philippine Medical Association of Hawai'i

94-837 Waipahu Street, Waipahu, HI 96797

P.O.Box 1294, Pearl City, Hawai'i 96782 • Ph: 888-674-7624

• Fax: 888-391-7624 pmahinfo@gmail.com • www.pmah-hawaii.org

Rhea Bautista, MD

Executive Director

TO: COMMITTEE ON HEALTH AND HUMAN SERVICES

Senator Joy A. San Buenaventura, Chair

Senator Henry J.C. Aquino, Vice Chair

BOARD OF GOVERNORS 2024

TO: COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

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Dear Senators,

My name is **Rainier Dennis D. Bautista, MD**. I am currently the President of the Philippine Medical Association of Hawaii (PMAH), representing 200 physicians who practice in the state of Hawaii.

I am reaching out to advocate for the passage of **HB1675**, a bill of paramount importance for the future of healthcare in Hawaii. This legislation stands as a critical solution to the pressing and multifaceted issue of our state's physician shortage, which has escalated to a critical juncture, severely impacting the accessibility and quality of healthcare for our residents.

Hawaii faces an **acute shortage of physicians**, with a dire need for an additional 750 healthcare professionals, particularly in primary care, to meet the growing demands of our communities. This shortage is most pronounced on our neighbor islands, where the deficit reaches up to 40%. This situation is exacerbated by the **high cost of living, low Medicare reimbursement rates**, and the unique **financial burden posed by the General Excise Tax** on healthcare services. The ramifications of this shortage extend far beyond healthcare accessibility, threatening the very well-being and lives of Hawaii's people.

HB1675 proposes to exempt medical services provided by physicians and advanced practice registered nurses from the general excise tax, effective January 1, 2025. This exemption is not merely a fiscal adjustment but a beacon of hope for enhancing the operational viability of primary care clinics and ensuring the delivery of comprehensive and compassionate care across our state. By alleviating the financial strains on our healthcare providers, this bill directly addresses one of the fundamental barriers to attracting and retaining the medical professionals our communities so desperately need.

The passage of HB1675 would complement ongoing efforts to expand medical residency and student training opportunities within the state, as well as the implementation of loan repayment programs designed to retain physicians trained in Hawaii. However, without legislative intervention to mitigate the financial pressures on our healthcare providers, these initiatives can only achieve limited success.

On behalf of PMAH and the dedicated healthcare providers we represent, I urge you to recognize the gravity of our physician shortage and the transformative potential of HB1675. By supporting this bill, you will be taking a significant step towards securing a robust and resilient healthcare system for Hawaii, ensuring that every resident has access to the quality medical care they need and deserve.

Thank you for your attention to this matter and your ongoing commitment to the health and well-being of Hawaii's people.

Sincerely,

Rainier Dennis D. Bautista, MD

President, Philippine Medical Association of Hawaii

Board of Governors:

Melissa Natavio, MD

CME Co-Chair

Jerald Garcia, MD

Legislative Chair

Kahealani Rivera, MD

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Marel Ver, MD

Mentorship

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Charles Sonido MD

Presidents of Affiliates:

Jay Flores, DPT

BCWW

Hazel Abinsay, MD

PMAH Foundation

Ian Guerrero, MD

Ohana Medical Missions

HB-1675-HD-1

Submitted on: 3/18/2024 1:08:16 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Louis Pau	Testifying for Oahu Pain Care I am requesting	Support	Written Testimony Only

Comments:

Aloha Senators,

I support HB 1675, HD 1 (RELATING TO THE GENERAL EXCISE TAX. Beginning 1/1/2026, exempts medical services provided by licensed physicians and advanced practice registered nurses acting in the capacity of primary care providers from the general excise tax).

Hawai‘i has a high Cost of Living and is among the lowest-paid Medicare, Tricare, and Medicaid reimbursements in the United States. The GE tax unfairly burdens private medical practices and providers because we are not designated nonprofits or hospitals.

Hawai‘i is the only American state that taxes Medicare, Medicaid, and Tricare medical care, which is half of Hawai‘i's population. Healthcare providers must absorb this tax, which federal Medicare and TriCare policies forbid passing to patients.

Combined with Hawai‘i’s low Medicaid and Medicare reimbursement rates, the GET effectively reduces care options for our most vulnerable population by disincentivizing the treatment of Medicare patients.

I am unsure how much longer I can care for Oahu and Big Island patients.

It is a travesty on the elderly to have their care withdrawn because medical practices will close their practice because the physician is insolvent.

Mahalo for your time and consideration.

Louis Pau, MD

HB-1675-HD-1

Submitted on: 3/18/2024 12:02:54 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Sydney K. Wang, MS, CCC-SLP	Testifying for Wala'au Therapy LLC.	Support	Written Testimony Only

Comments:

To: Senator San Buenaventura and Senator Jarrett Keohokalole

Aloha, I am Sydney K. Wang and I am a part-Hawaiian born and raised Speech-Language Pathologist and resident of the Big Island who returned home to the Big Island in 2020 and opened up Hilo's first and only current outpatient speech-language and swallowing therapy clinic. I am writing in **support** of SBHB1675 **WITH AMENDMENT**, to expand the bill to skilled allied health professionals.

The vast majority of speech therapy provided for pediatrics in the state of Hawai'i is through private clinics. These private clinics, like the primary care providers in this bill, are also charged GET on 100% of income with no deductions for business operations allowed. It is illegal for us to pass this GET tax on to our patients for the majority of insurance plans, such as Medicare, Medicaid, Tricare and Kaiser.

As you know, we are in a healthcare crisis, with speech therapy waitlists for up to 5 months. The GET tax on the private clinics adds to the financial burden along with 3.4% reimbursement cuts that Speech-Language Pathologists and Audiologists have endured over the past several years. Many clinics are not surviving and adding to the crisis of timely services.

We request that you consider passing this bill **with the amendment to ADD state-licensed allied health professionals**, in order to assist our small local businesses to survive and provide the much needed care to our community.

Thank you for your time and consideration.

Sincerely,

Sydney K. Wang, MS, CCC-SLP

Director, Wala'au Therapy LLC.

Address: 2148 Awapuhi St.

Hilo, HI 96720

Office: (808) 365-8128

Direct office line: (808) 333-5075

Fax: (808) 961-6383

Email: syd@walaatherapy.com

Website: www.walaatherapy.com

HB-1675-HD-1

Submitted on: 3/18/2024 3:20:11 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cindy R Ajimine	Testifying for One Impact Hawaii	Support	Written Testimony Only

Comments:

I SUPPORT this bill's passage. Can you amend to include that patients are not taxed for services rendered by the applicable providers?



MALAMA
P O N O
AUTISM
CENTER

Aloha Senator San Buenaventura and Senator Jarrett Keohokalole,

My name is Dr. Matthew Brink, I am the CEO of Malama Pono Autism Center. I am writing in **support** of SBHB1675 **WITH AMENDMENT**, to expand the bill to skilled allied health professionals.

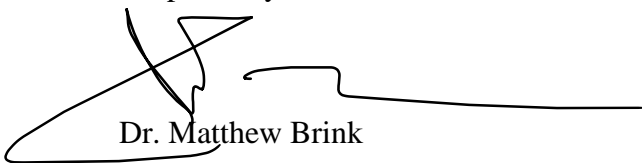
Within our system of services, we provide speech and language services for children with autism. We provide these services through private clinics. Private clinics, like the primary care providers in this bill, are also charged GET on 100% of income with no deductions for business operations allowed. It is illegal for us to pass this GET tax on to our patients for the majority of insurance plans, such as Medicare, Medicaid, Tricare and Kaiser.

As you know, we are in a healthcare crisis, with speech therapy waitlists for up to 5 months. The GET tax on the private clinics adds to the financial burden along with 3.4% reimbursement cuts that Speech-Language Pathologists and Audiologists have endured over the past several years. Many clinics are not surviving and adding to the crisis of timely services.

We request that you consider passing this bill **with the amendment to ADD state-licensed allied health professionals**, in order to assist our small local businesses to survive and provide the much needed care to our community.

Thank you for your time and consideration.

Respectfully,



Dr. Matthew Brink

CEO

Malama Pono Autism Center

HB-1675-HD-1

Submitted on: 3/19/2024 8:03:19 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Matthew Dykema	Testifying for Joyful Living, LLC	Support	Written Testimony Only

Comments:

Dear Chairman and Members of HHS and CPN Committees

Thank you for hearing HB 1675 providing for a GET exemption for primary care. As part of the Hawaii Physician Shortage Taskforce, as a primary care provider myself, as a health clinic manager, and as a citizen with my own health concerns, we as a community have been waiting for four years for such a bill to progress through our legislature. In the prior years, it was held up by the House Finance Committee who after finaling hearing the bill this year, passed it unanimously. Previously, I have emailed and had conversations with Representatives, discussed my concerns with my local Mayor on the Island of Hawaii and pleaded with those I could, that something must be done. I am happy to elaborate on any details of the matter, but to be honest I am tired of seemingly waisting words and thoughts to be eliquent. Therefore to the point:

-Continuing to tax healthcare in the state of Hawaii is anti-progressive and negatively effects the access to quality healthcare and the health and wellbeing of the constituents you are charged with representing and as a government protecting.

-Taxing healthcare is a net revenue loss, as it is one of the factors driving primary care clinicians and high quality innovative healthcare solutions to leave the state, and along with them, the taxable revenue and jobs that they create.

-Applying GET to the Quest, Medicare and Tricare patients is unconscionable. It is against federal law to pass the tax on to the patient/consumer, despite the Hawaii state tax website previously suggesting that this was acceptable. The physician/clinic ends up paying the consumer's tax, and thus creates even smaller margins for fiscal sustainability.

-Hospitals are already exempt from the GET, although they would likely represent a much larger portion of state revenue should they be taxed in place of private physicians and health clinics as their cost have only continued to be inflated and increased over the last several years. If we are trying to be fiscally responsible it makes sense to alleviate the financial burden of primary care physicians, who are most able to prevent patients from requiring hospitalizations in the first place and therefore save of millions of dollars in high cost hospital stays and procedures.

-If you want to continue to have access to healthcare and specifically private-sector primary care for you, your family, and your constituents, you must assist in removing the oppressive GE Tax that is currently in place, and work on other measures to make it financially sustainable to practice medicine in the state of Hawaii.

- The "paradise tax" is literally driving physicians and clinicians to leave the state and go elsewhere. Even those with family ties and roots to the state and those with much invested to stay. It is simply becoming no longer viable for many to practice as a primary care clinicians in Hawaii. Access to healthcare in many parts of the state is severely limited and increased morbidity and mortality has been the consequence. Reduction in the work force and prolonged disability is a reality that many have faced due to the lack of access to quality primary care.

I would ask that your committees would ammend the bill to include PAs, as only physicians and APRNs are in the current HB1675 language. Also would be highly valuable to include specialists, which account for the majority of the missing physician workforce per AHEC's report.

Thank you for your consideration of this bill. I hope that you will take the necessary steps to move foward with it and with other reforms that are needed to help correct our failing healthcare system in our state. We have the opportunity to lead the nation forward in many arenas and healthcare is an opportunity for amazing growth, innovation and reform. Otherwise Hawaii Healthcare will continue to lead the nation in being the worst according to many polls and data analytics. Thank you for your service to the people of Hawaii and the constituents you represent. May Akua bless and keep you and direct your steps and conversations as you have a challenging road to navigate ahead.

Mahalo Nui Loa

Dr. Matthew Dykema

Hilo, HI

HB-1675-HD-1

Submitted on: 3/18/2024 2:31:10 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
KATIE LOPEZ	Testifying for Hawaiian Rehabilitation Services Inc	Support	Written Testimony Only

Comments:

To: Senator San Buenaventura and Senator Jarrett Keohokalole

My name is Katie Lopez. I am the owner of Hawaiian Rehabilitation Services in Kailua Kona, HI. We provide multidisciplinary healthcare services to the community including physical, occupational, and speech therapy services. We have been providing these services since 1980 as a locally owned private practice. I am writing in **support** of SBHB1675 **WITH AMENDMENT**, to expand the bill to skilled allied health professionals.

We are a locally and privately owned clinic, like many of the primary care providers in this bill, and we are also charged GET on 100% of income with no deductions for business operations allowed. It is illegal for us to pass this GET tax on to our patients for the majority of insurance plans, in our case over 87% of our patients. This means that we pay tax on 100% of our income yet we are only allowed to collect GET from the consumer less than 13% of the time. This is single handedly the largest financial burden placed on my business and it comes straight out of our pocket.

As you know, we are in a healthcare crisis. We have 9 providers on staff and we are still about 3 months out on a waitlist. The GET tax on private clinics adds a huge financial burden along with the 3.4% reimbursement cuts our practice has endured over the past several years. Many clinics are not surviving and adding to the crisis of timely services. In our town, three private practice physical therapy clinics closed within this last year, all stating decrease in reimbursement and increased overhead costs as the reason for closing their doors. Retaining healthcare providers in the state is another hurdle. We were required to pay nearly \$70,000.00 on GET in 2023. This is money that comes off our bottom line and could instead be invested in keeping quality healthcare providers on the island.

We request that you consider passing this bill **with the amendment to ADD state-licensed allied health professionals**, in order to assist our small local businesses to survive and provide the much needed care to our community.

Thank you for your time and consideration.

Sincerely,

Katie Lopez

Owner/Hawaiian Rehabilitation Services, Inc.

Katie.L@HawaiianRehab.com

808-329-0591 x104



TO:
Senate Committee on Health and Human Services
Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair
and
Senate Committee on Commerce and Consumer Protection
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

Hearing Date/Time: Wednesday, March 20, 2024 1:00 p.m.
Place: Conference Room 225 & Via Videoconference

Re: HB1675 HD1 Relating to the General Excise Tax

Dear Chair San Buenaventura, Vice Chair Aquino, Chair Keohokalole, Vice Chair Fukunaga and Committee Members,

Thank you for this opportunity to provide testimony on behalf of HB1675 HD1, which would exempt medical services provided by licensed physicians and advanced practice registered nurses acting in the capacity of primary care providers from the general excise tax.

Hawai'i Academy of Physician Assistants (HAPA) SUPPORTS HB1675 HD1 WITH AMENDMENTS

HAPA is the Hawai'i state chapter of The American Academy of Physician Assistants.

According to the annual report on findings from the Hawai'i physician workforce assessment project, there is a twenty-one per cent physician shortage in the State. The physician shortage is more severe on the neighbor islands, measuring forty-one per cent in Hawaii county, forty-three per cent in Maui county, and thirty per cent in Kauai county.

Paradoxically, since 2016, the number of practicing physician assistants has increased by 105% on the island of Hawai'i, 114% on Kauai, and 35% on Maui. Exponential growth of practicing physician assistants in Hawai'i, positions them to fill healthcare delivery gaps during an unremitting physician shortage.

Notably, physician assistants are one of the three health care professionals (along with physicians and advanced practicing register nurses) authorized by the Affordable Care Act to serve as primary care provider (PCP).

HAPA supports HB1675 HD1, but respectfully requests amendments to include physician assistants as medical providers, who are acting in in the capacity of primary care provider, to be exempted from the general excise tax, and proposes the following amendments as



stated below in red:

Accordingly, the purpose of this Act is to help reduce the negative impact of the general excise tax on physicians, **physician assistants**, and advanced practice registered nurses in the State by exempting from the general excise tax all gross proceeds arising from the sale of medical services by licensed physicians, **physician assistants**, and advanced practice registered nurses acting in the capacity of primary care providers.

SECTION 2. Chapter 237, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§237- Exemption for medical services; physicians; physician assistants; advanced practice registered nurses. (a) In addition to any other applicable exemption provided under this chapter, beginning January 1, 2026, there shall be exempted from, and excluded from the measure of, the taxes imposed by this chapter all of the gross proceeds arising from the sale of medical services provided by a physician licensed under chapter 453, **a physician assistant licensed under chapter 453**, or an advanced practice registered nurse licensed pursuant to chapter 457 acting in the capacity of a primary care provider.



(b) As used in this section, "medical services" means professional services provided by a physician, a physician assistant, or an advanced practice registered nurse acting in the capacity of a primary care provider. "Medical services" includes services provided within hospitals, medical clinics, and private medical practices."

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

Sincerely,

Hawai'i Academy of Physician Assistants

March 19, 2024

Testimony in Support of HB 1675 HD1, Relating to the General Excise TaxCommittee on Health and Human Services and
Committee on Commerce and Consumer Protection
Wednesday, March 20, 2024
1:00 PM | Conference Room 225

Aloha Chair San Buenaventura, Vice Chair Aquino, members of the Committee on Health and Human Services, Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection,

Hawaii Dental Service (HDS) **supports** HB 1675, HD1, Relating to the General Excise Tax **with revisions to include dentists**. The dental community experiences the same challenges as medical providers with the same health professional shortage areas for dentists and specialists, especially on the neighbor islands.

Currently, only about 360 of Hawaii dentists serve more than 470,000 children and adults who qualify for Medicaid dental benefits, and less than half of the children and only 11 percent of the adults received services in 2023. The relatively small number of dentists who accept Medicaid can be attributed to lower payments from this government program, among other issues. Hawaii dentists cannot or are unwilling to serve Medicaid beneficiaries because the reimbursements do not adequately cover the costs of procedures and dental operations. In addition, lost revenue due to missed appointments contributes to this issue. The general excise tax exemption for dentists will provide an incentive for dentists to accept Medicaid to help offset the low payments and other burdens. As more dentists accept Medicaid, oral healthcare will become more accessible for more patients in communities across our islands.

We propose the following revisions in red as stated below:

"§237- Exemption for medical **and dental** services; physicians; **dentists**; advanced practice registered nurses.

(a) In addition to any other applicable exemption provided under this chapter, beginning January 1, 2026, there shall be exempted from, and excluded from the measure of, the taxes imposed by this chapter all of the gross proceeds arising from the sale of medical **or dental** services provided by a physician licensed under chapter 453; **a dentist licensed under chapter 448**; or an advanced practice registered nurse licensed pursuant to chapter 457 acting in the capacity of a primary care provider.

(b) As used in this section, "medical **and dental** services" means professional services provided by a physician, **dentist** or an advanced practice registered nurse acting in the capacity of a primary care provider. "Medical **and dental** services" includes services provided within hospitals, medical **and dental** clinics, and private medical **and dental** practices."

Mahalo for your support and for prioritizing the oral health needs of Hawaii's underserved communities.

Sincerely,



Dr. Diane S. L. Paloma
President and CEO
Hawaii Dental Service

HB-1675-HD-1

Submitted on: 3/19/2024 9:41:21 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Christina Marzo	Testifying for Hawaii Academy of Family Physicians, Legislative Committee	Support	Written Testimony Only

Comments:

Dear Chair Buenaventura, Chair Keohokalole, and members of the Senate Committes on Health and Human Services and Commerce and Consumer Protection,

We represent practicing family physicians in the State of Hawaii, and would like to testify in support of HB1675. Many of our members are in private practice in rural areas of the state, and serve many vulnerable populations that are currently facing a severe shortage of physicians. Estimates show that we need to fill 3,500 open healthcare worker positions to meet the need of our community. Each one of the physician practices are vital to our state, and losing a single one can be devastating to our community. Unfortunately, many of the practices in these areas face a multitude of financial challenges, and when they become financially insolvent, these providers are often forced to close their doors and move either to a large system that does not provide services to critical access areas, or out of the state entirely. There are dozens of solo and small practice owners on the verge of closing due to high overhead costs and low reimbursement. Primary care providers, in particular, are vulnerable to these financial constraints. They are also the lifeblood of medical care for these communities. Hawaii currently charges GET for healthcare services, and this cost comes directly out of the revenue for these small practices. We stand in support of eliminating the double tax on the 40% of providers in small practices in order to continue care for Medicare, Medicaid, and Tricare patients. HB1675 would provide a much needed lifeline to help close the gap between overhead expenses and revenue, and allow these practices to continue caring for the patients of Hawaii.

HB-1675-HD-1

Submitted on: 3/18/2024 9:15:14 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Megan Dooley	Testifying for Restore Hawai'i Speech Therapy LLC	Support	Written Testimony Only

Comments:

To: Senator San Buenaventura and Senator Jarrett Keohokalole

Aloha, my name is Megan Dooley and I am a speech-language pathologist and a new business owner of Restore Hawai'i Speech Therapy LLC, a speech therapy private practice serving the adult population in Hawai'i. I am writing in **support** of SBHB1675 **WITH AMENDMENT**, to expand the bill to skilled allied health professionals.

There are very limited options in the state of Hawai'i for adults requiring speech therapy due to swallowing, communication and cognitive impairments. Private clinics, like the primary care providers in this bill, are also charged GET on 100% of income with no deductions for business operations allowed. It is illegal for us to pass this GET tax on to our patients for the majority of insurance plans, such as Medicare, Medicaid, Tricare and Kaiser.

As you know, we are in a healthcare crisis, with speech therapy waitlists for up to 5 months. The GET tax on the private clinics adds to the financial burden along with 3.4% reimbursement cuts that Speech-Language Pathologists and Audiologists have endured over the past several years. Many clinics are not surviving and adding to the crisis of timely services.

We request that you consider passing this bill **with the amendment to ADD state-licensed allied health professionals**, in order to assist our small local businesses to survive and provide the much needed care to our community.

Thank you for your time and consideration!

Sincerely,

Megan Dooley, M.S., CCC-SLP

Speech-Language Pathologist and Owner of Restore Hawai'i Speech Therapy LLC

megan@restorehawaiispeechtherapy.com

808.736.6372

HB-1675-HD-1

Submitted on: 3/19/2024 4:24:23 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Zachary Thielen	Testifying for Maui Orthopedic Institute LLC	Support	Written Testimony Only

Comments:

Please amend this bill to include all professional medical services. There is a severe shortage of providers on our neighbor islands and the GE tax is contributing to the problem. We are the only state in the nation taxing Medicare, Medicaid, and Tricare reimbursement to providers and the tax can not be passed on to these patients. We can not raise our rates to "bake" in the cost of the tax. Medicare reimbursement to physicians declined this year while our labor costs and other expenses of running an office continue to increase. There is no longer any private practice OB/GYN physicians practicing obstetrics on Maui. Please, for the sake of the healthcare system in our state, pass this bill and amend the language to cover all professional medical services.

Mahalo,

Zachary Thielen MD, FAAOS

Maui Orthopedic Institute LLC



Hawaii Medical Association

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

COMMITTEE ON HEALTH & HUMAN SERVICES

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

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

Date: March 20, 2024
From: Hawaii Medical Association
Elizabeth Ann Ignacio MD, HMA President

Re: HB1675 HD1, RELATING TO THE GENERAL EXCISE TAX
Position: SUPPORT

Thank you for the opportunity to submit testimony in **SUPPORT OF HB1675 HD1**, which “exempts medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider from the general excise tax”.

The worsening healthcare crisis in Hawaii is a tremendous hardship and source of suffering for our citizens. Enrollment in Hawaii MedQUEST (Medicaid program) has jumped 40% since the start of the COVID-19 pandemic. The 2022 Access to Care CDC- funded comprehensive statewide survey of patients and providers found that low-income individuals experience incredible delays and barriers to healthcare services. Native Hawaiians and Pacific Islanders are particularly affected.

Causes for healthcare disparities are multifactorial, but are unquestionably linked to the unremitting decline in our Hawaii physician workforce. The estimated unmet need for primary care physicians is approximately 123 full-time equivalents (FTE) with percentage shortages most profound on Maui.

	Hawai'i County	Honolulu County	Kaua'i County	Maui County	Statewide
Shortage	17 (12)	59 (106)	6 (0)	42 (44)	123 (162)
Percent	12% (9)	7% (14)	11% (0)	33%(36)	11% (15)

While efforts toward expansion of healthcare training programs and loan repayment play a vital role in physician recruitment and retention, they do not address the challenge facing many

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2024 Hawaii Medical Association Public Policy Coordination Team

Beth England, MD, Chair
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director

physicians currently practicing in Hawaii. A large number of the physician practices do not have the financial capacity to continue providing quality care in the face of ever-decreasing Medicare/Medicaid reimbursements coupled with the General Excise Tax (GET).

As more physician practices are crushed under the heavy weight of practice expenses, our most vulnerable patients, particularly those in rural and underserved communities, cannot access local providers in a timely fashion to receive the diagnosis and treatment they desperately need. HMA urges legislators to support a GET exemption for primary care medical services as a reasonable and essential step in the future survival and sustainability of our Hawaii healthcare.

The HMA also kindly requests the following revision to the text of the measure (page 2, lines 19-21 and page 3 lines 1-3):

~~“Currently, physicians who receive Medicare, Medicaid, and TRICARE payments are subject to the general excise tax, although they may recoup this cost from patients as a way to recover the expense. Most physicians do not currently pass along this cost to patients, but this practice may soon have to change.”~~

This statement is inaccurate, as healthcare providers must absorb this tax, which federal law forbids passing to patients.

The HMA’s definition of primary care is in alignment with the American Academy of Family Physicians’- “Primary care is the provision of integrated, accessible health care services by physicians and their health care teams who are accountable for addressing a large majority of personal health care needs, developing a sustained partnership with patients, and practicing in the context of family and community.” For the purpose of this measure, the HMA recommends that primary care be defined as all outpatient services performed by Family Medicine, Pediatrics and Internal Medicine providers as well as all preventive services provided by Obstetrician and Gynecologist providers.

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

References:

Cocke S. Hawaii Medicaid enrollment up 40% since start of pandemic. Honolulu Star Advertiser Dec 19 2022.

University of Hawaii System Annual Report. Report to the 2024 Legislature. Annual Report on findings from the Hawaii Physician Workforce Assessment Project. Dec 2023.

Access to Care. Health for our communities. Community First Hawaii. July 2022 Report.

Primary Care | AAFP. (n.d.). Retrieved February 26, 2024, from <https://www.aafp.org/about/policies/all/primary-care.html>.

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

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION, Senator Jarrett Keohokalole, Chair; Senator Carol Fukunaga, Vice Chair

From: Indivisible Hawaii Healthcare Team

Re: HB1675 HD1 - Exempting Primary Medical Care from HI State excise tax

Aloha Chair San Buenaventura, Chair Keohokalole, and Members of the Committee,

The Indivisible Hawaii Healthcare Team is in support of HB1675 HD1.

As you well know, there is a significant and growing health care shortage on Hawaii's Neighbor Islands (NI), where 30% of the state's population lives. Hawai'i County is down 187 full-time physicians (40%) Maui County is short 158 full-time physicians (40%). A 2021 analysis found Hawai'i County had the third highest shortage of primary health care professionals in the nation. And Kauai had a 33% shortage of physicians as of December 2020, a problem that worsened post-pandemic. A 2022 report found 75% of Hawai'i rural hospitals were at risk of closing, the highest of any state (1) to (5). As mainly rural communities, NI residents regularly drive long distances for routine care, often must find specialty care on O'ahu or out of state, and are dependent upon air ambulance for transport to Honolulu hospitals for major emergency events (6). Since the cost of all goods and services are higher on NI's, medical providers say the cost of doing business is so high they are closing NI practices & moving to O'ahu or out of state.

As a result, NI residents often experience delayed care leading to health complications, and even loss of life. It is common to hear of NI residents (with medical insurance) who are unable to find a primary care doc who is "accepting new patients"; have long waits for appointments; have long delays to see a specialist who flies in only once a month to see patients, and/or pay out of pocket to fly to Honolulu for specialty care (See Patient Stories). NI residents pay more for health insurance than O'ahu residents because health insurers put us in single island risk pools, rather than combining all Hawaii residents into one risk pool. All residents of Hawai'i pay for these NI difficulties and delays in finding medical care. The higher costs of emergency care, medical complications and morbidity increases costs to the entire health care system. Insurers then raise medical premiums, and this cost is passed on to employers and consumers.

This is a complex problem which will require multiple solutions. While our team preferred more comprehensive versions of this bill that have not progressed (those that would have exempted a wider range of services, including medical, dental and specialty care), this bill will make a critical start towards improved access to health care services.

Patient and Provider Stories:

Person 1: A 70 year old Hawaii Island resident passed out in a California airport bathroom and was hospitalized with a septic infection. She returned home to Pa'auilo Mauka after discharge in need of follow-up care, but found her PCP had moved away from Hawaii Island. Because phone calls to other doctors went either unanswered or they were not accepting new patients, a

friend took her driving around the island, showing up in person at doctors' offices until they were able to get appointments and eventually find a NP and physician team to provide her care.

Person 2: A couple in their late 60s moved from O'ahu to Waimea on Hawaii Island 2 years ago. They were surprised to find that their Kaiser Medicare Advantage plan doubled in cost for less coverage once they moved to Hawaii Island.

Person 3: A young couple on Kauai had a baby on island. He was born healthy except his head was misshapen. There was no doctor on Kauai who could help with this problem. Their pediatrician referred them to a doctor on O'ahu. Their insurance would cover the doctor visits but not any of the travel to and from or overnights on Oahu. The treatment would take at least 6-8 months, an expensive "helmet" and regular visits with the doctor to adjust the helmet frequently enough to reshape the baby's head. They did not have the money for a trip every month. Each trip would require flights, taking off work or an overnight on Oahu to avoid taking off work. Timing was critical because you want to start the treatment very soon before the reshaping is more difficult. This couple fundraised with family and online and was able to do this but not without a lot of stress and financial burden.

Provider 4: The only ophthalmologist on the island A was forced into bankruptcy despite a busy patient schedule. To address this, she worked out an arrangement to be on call with the 3 major hospitals on island. The result is she is seeing patients during the day and driving long distances at night every night to see emergency patients. This is not sustainable for this individual and the island may soon lose its only eye specialist.

Mahalo for your time and attention to this important issue!

References:

- (1) <https://nursingeducation.org/blog/counties-with-the-biggest-primary-health-care-worker-shortages/>
- (2) https://www.hawaii.edu/govrel/docs/reports/2022/act18-sslh2009_2022_physician-workforce_annual-report_508.pdf
- (3) <https://bigislandnow.com/2022/11/17/kauai-doctor-shortage-includes-most-specialities-forcing-residents-to-fly-to-oahu/>
- (4) <https://www.civilbeat.org/2022/11/hawaii-island-is-getting-new-federal-funds-to-tackle-health-care-shortages-is-it-enough/>
- (5) Hawaii County Council, testimony of retired Hilo OB-GYN John Uohara, West Hawaii Today.9.10.23
- (6) <https://www.civilbeat.org/2023/06/hawaiis-struggle-to-provide-health-care-for-rural-islands-nearly-turned-tragic-for-this-expectant-mom/>
- (7) <https://www.hawaiitribune-herald.com/2023/05/04/hawaii-news/budget-includes-funds-to-boost-medicaid-reimbursement-rates/>

Contact: Doris Segal Matsunaga dsegalmatsu@gmail.com

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 9:01:11 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Tanner Crass	Testifying for Enphysio	Support	Written Testimony Only

Comments:

Aloha! I recently started a small business in Hawaii. As such, I have razor thin margins. Under the current circumstances, it impossible to pass the GE tax on to patients, which cuts down on my margins even further. Because of that, I am firmly in support of HB1675 that would reduce the burden on both myself as a health care practitioner and the healthcare system as a whole. The GE Tax is simply too much, which disincentivizes other practitioners from opening their own practice. This in turn reduces access to care for the citizens of Hawaii and puts more stress on an already overworked system.

It is common practice for the state to use GET exemptions to encourage or aid certain industries. Already, Hawaii exempts petroleum refining, aircraft maintenance and leasing, and orchards from the GET. I think healthcare is at least as important as any of those industries, if not more so, and I hope that the members of this committee think so too.

Thank you for the opportunity to testify.

Tanner Crass PT, DPT, FAFS, CSCS

LATE

TESTIMONY
SENATE COMMITTEE ON HEALTH & HUMAN SERVICES and
SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION
Wednesday, March 20, 2024, 1:00 PM
State Capitol Conference Room 225 and via Videoconference

Honorable Chair San Buenaventura, Vice Chair Aquino, and Committee Members
Honorable Chair Keohokalole, Vice Chair Fukunaga and Committee Members

I strongly SUPPORT HB1675, Related to the General Excise Tax for the following reasons:

Accordingly, the purpose of this Act is to help reduce the negative impact of the general excise tax on physicians and advanced practice registered nurses in the State by exempting from the general excise tax all gross proceeds arising from the sale of medical services by licensed physicians and advanced practice registered nurses acting in the capacity of primary care providers.

1. Hawaii's shortage of medical providers is real and growing. According to the Hawaii Physician Workforce Report released in December 2022, the state is short 776 doctors, up from 732 a year earlier. It has been documented that the neighbor islands have shortages of between a third and a half of the doctors needed.
2. The decline of Hawaii's small private practices has many causes, but exempting medical services from the state general excise tax would be a way to help keep private practices alive while also attracting new providers to the state.
3. Impact: I am directly aware of kupuna, individuals, and families who require specialty care (example: Nephrology, Endocrinology, Hematology, etc) are experiencing increased difficulty obtaining appointments as many of these providers have left the state. If we don't support HB1675 today, it will have a devastating impact on future generations to come.

I appreciate our state policymakers who are making healthcare more affordable and addressing the shortage of medical professionals in Hawaii. By creating a general excise tax exemption for medical services provided under TRICARE, Medicare and Medicaid, there is an opportunity to make Hawaii a more attractive and less expensive place to practice medicine.

Thank you for your commitment to ensuring the well-being of the people of Hawaii with your support of supporting access to healthcare and for recognizing the tremendous importance of attracting and retaining our Health care provider workforce. Thank you for the opportunity to testify.

Respectfully submitted,
Jamie Detwiler, President, Hawaii Federation of Republican Women

Source:

"Hawai'i Physician Workforce Report". University of Hawai'i System Annual Report. December 2022

Malia Hill, "The case for exempting medical services from Hawaii's general excise tax," Grassroot Institute of Hawaii, February 2023.

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 2:09:23 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
JAMIE L SMITH	Testifying for Thankfully Inspired, LLC- Supporting with amending only.	Support	Written Testimony Only

Comments:

Subject: **Support for SBHB1675 Amendment to Include Skilled Allied Health Professionals**

Dear Senator San Buenaventura and Senator Jarrett Keohokalole, I hope this message finds you well. My name is Jamie Smith, and I am a speech pathologist and the owner of a private practice. I am writing to express my full support for SBHB1675 WITH AMENDMENT, which aims to extend its benefits to skilled allied health professionals.

In Hawai'i, the primary avenue for pediatric speech therapy services is through private clinics, much like the ones I operate. Unfortunately, despite being crucial healthcare providers, these clinics are subjected to the same GET tax as primary care providers under the current law. This tax, applied to 100% of our income with no deductions permitted for business operations, places an undue financial strain on our practices.

Additionally, this additional revenue reduction impacts my ability to adequately pay staff. The overhead cost and low reimbursement rates further compound the challenges we face, impacting our livelihood and our ability to provide quality care to our community.

It's essential to highlight our work's significant impact on the lives of the children we serve. It is critical to help them find their voices, develop healthy feeding and swallowing habits, and learn to advocate for themselves. Our services benefit families of all demographics and ethnicities, providing essential support and improving overall quality of life.

You are missing the big picture of healthcare and allied medicine by only including doctors and nurse practitioners. Speech-language pathologists, audiologists, and other skilled allied health professionals play a crucial role in the healthcare ecosystem, and their exclusion from this bill would be a disservice to our community.

In light of these challenges, **I urge you to support the amendment to SBHB1675, which extends its provisions to include state-licensed allied health professionals.** By doing so, you would aid our small local businesses in weathering this storm and ensuring that our community receives the essential care it desperately needs.

Thank you for taking the time to consider this matter. Your support on this issue would make a significant difference in the lives of many.

Sincerely,

Jamie Smith, MA CCC-SLP

Thankfully Inspired Therapy Services

March 18, 2024

To: Senator Joy A. San Buenaventura
Committee on Health and Human Services
Hawai'i State Legislature
4415 South Beretania St
Honolulu, HI 96813

Senator Jarrett Keohokalole
Committee on Commerce and
Consumer Protection

Re: Testimony in support WITH AMENDMENTS of HB1675: Relating to the General Excise Tax

The Hawai'i Speech-Language Hearing Association (HSHA) is a professional, non-profit organization of speech-language pathologists (SLP) and audiologists (AUD) that is nationally recognized by the American Speech-Language-Hearing Association. Our mission is to promote excellence in speech-language pathology and audiology through professional development, advocacy, and leadership to provide education and quality services that embrace the diversity of those we serve

We are in support of HB1675, however, request an amendment to the current bill:

The bill currently reads: "Medical practitioner" means a physician or osteopathic physician, licensed pursuant to chapter 453; an advanced practice registered nurse licensed pursuant to chapter 457; or a pharmacist licensed pursuant to chapter 461;"

We request that skilled allied professionals, particularly SLPs be included in this bill. Healthcare providers (including Speech-Language Pathologists) must absorb this tax, which federal Medicare, Medicaid, TriCare and Kaiser policies **forbid** passing to patients. The GET taxes gross revenues, even when practices lose money providing care, which makes many, if not most, practices non profitable. We are taxed for every dollar we bring in, **reducing our revenue by 4.7%**.

Medicare physician fee schedule payment rates have declined 20 percent over the last 15-20 years when adjusted for inflation. During this time, the cost of running a medical practice—including office rent, parking, employee wages and liability insurance premiums-- has increased greater than 30 percent since 2001.

Specifically in Hawaii, the fee for service rates are inordinately lower than the cost of living. Hawaii is the most expensive place to live in the United States of America with a median single family home cost of \$1,150,000.00 as of March 2022. However, the Medicaid and Medicare fee schedules for Speech-Language Pathology are within the same ranges as the state of Illinois, where the average cost of a single family home is \$265,000.00.

Looking specifically at the treatment code 92507, which is used most often by Speech-Language Pathologists and is the CPT code for treatment of speech, language, voice, communication, and/or auditory processing disorder, the following fee schedules are:

CPT 92507

Illinois Medicaid: \$19.85

Hawaii Medicaid: \$21.05

Medicare Illinois: \$84.70

Medicare Hawaii: \$82.60

As you can see, the difference does not reflect in any way the significantly higher cost of living in Hawaii. Illinois' rates are not an outlier, as they are similar to many other states within the same cost of living as Illinois.

I ask you to please work on behalf of the SLP healthcare workers in our state. Speech-Language Pathologists are not alone in our significant underpayment based on cost of living. Then to add the additional GET tax for services needed by our community and especially our military families serving our country. All healthcare providers in Hawaii are facing the same difficulties, when a specialist can make tens of thousands more per year and spend tens of thousands less in a different area, the incentive to stay and work in Hawaii is low and the skilled allied professionals need to be included in this bill.

Please help us to help those in need of our services.

If you or your staff have any questions, please contact us at info@hsha.org.

Sincerely,



Kristina Fuentes, MS, CCC-SLP
2024 HSHA President

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Exemption for Medical Services by Physicians and Advanced Practice Registered Nurses

BILL NUMBER: HB 1675 HD 1

INTRODUCED BY: House Committee on Finance

EXECUTIVE SUMMARY: Beginning 1/1/2026, exempts medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider from the general excise tax.

SYNOPSIS: Adds a new section to chapter 237, HRS, to exempt all of the gross proceeds arising from medical services provided by physicians licensed under chapter 453 or advanced practice registered nurses licensed pursuant to chapter 457 acting in the capacity of a primary care provider.

Defines “medical services” as including those services provided within hospitals, medical clinics, and private medical practices that are performed by licensed practitioners pursuant to chapter 453 or chapter 457.

EFFECTIVE DATE: June 30, 3000.

STAFF COMMENTS: Hawaii’s physician shortage is not a new phenomenon, but has been annually documented by the Hawai‘i Physician Workforce Assessment Project Report. [The 2023 Report](#)¹ conducted by the University of Hawai‘i at Mānoa John A. Burns School of Medicine (JABSOM) and submitted to the 2024 Hawai‘i State Legislature continues to conclude the projected demand will not be met in the foreseeable future.

In the meantime, there is a physician shortage in Hawaii that has been well documented. The final [Hawai‘i Physician Workforce Assessment Project Report for 2020](#)² conducted by the University of Hawai‘i at Mānoa John A. Burns School of Medicine (JABSOM) and submitted to the Hawai‘i State Legislature in December 2020, the pandemic has challenged continued physician practice in Hawai‘i and is expected to increase the relative shortage of physicians for the state for the next several years as older physicians leave their practices.

¹ https://www.hawaii.edu/govrel/docs/reports/2024/act18-sslh2009_2024_physician-workforce_annual-report_508.pdf

² https://www.hawaii.edu/govrel/docs/reports/2021/act18-sslh2009_2021_physician-workforce_annual-report_508.pdf

Some physician groups have alleged that the GET applied to medical services has been one of the drivers of this shortage. This assertion is backed up by the 2008-2010 experience of Hawaii Medical Center (HMC), a for-profit hospital which went into bankruptcy and tried to reorganize as a nonprofit. That plan, according to HMC's then-CFO, would relieve the hospitals of as much as \$6 million in annual taxes, including general excise and property taxes.

Medical services rendered at a nonprofit hospital, infirmary, or sanitarium are exempt from the tax, whereas the same services rendered by individual or group practices or clinics are fully taxable. Insurance providers and Medicare do not compensate for the tax differential, leading some health care providers to bear additional economic costs.

This problem is especially acute when the payer is a governmental health program. Medicare regulations (42 CFR sec. 424.55(b)) prohibit the surcharging of most additional costs to patients, including taxes. Medicare Claims Processing Manual, ch. 23, sec. 80.3.1.A (<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads-/clm104c23.pdf>) . We understand that Medicaid and TRICARE have similar prohibitions.

The Foundation does believe that there is evidence supporting an industry-specific GET exemption here.

Digested: 3/15/2024

Christopher West LMHC LLC

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Re: HB1675 - Request for Amendment

I support HB1675, provided it is amended to include *all* healthcare providers. **The GE Tax is a regressive monetary fine levied against all independent healthcare providers who serve MedQuest patients, which reduces the pool of clinicians available to see them.** Two false statements made during the 2/28/24 hearing for this bill were that the GE Tax can be passed on to MedQuest patients, and that rates can be raised by the healthcare provider to compensate for the GE Tax. Neither of these statements are true. Setting aside the absurd idea that a reasonable solution to the GE Tax problem would be to raise fees on MedQuest patients, Medicaid rates are set, are already lower than the rates paid out by commercial insurance, and are non-negotiable for independent private practice clinicians. And passing the GE Tax on to Medicaid patients is illegal. Medicaid patients pay no copay, and can not have any fees passed on to them.

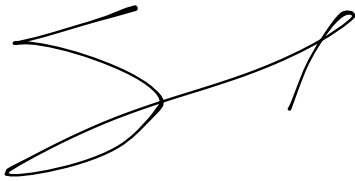
For these reasons, the GE Tax is a financial penalty that specifically affects healthcare providers who serve Medicaid patients. I am a self-employed psychotherapist in private practice in Honolulu. Nearly all of my patients are MedQuest subscribers, and suffer from serious issues including homelessness, unstable housing, serious mental illness, and substance abuse issues. Operating under a single-member LLC, the GE Tax presents an undue financial burden, directly attributed to my commitment to serving this vulnerable population. As it is not an option to pass the GE Tax on to my MedQuest clients, I find myself subjected to a form of double taxation: initially, on my gross income - without deductions for business expenses - culminating in a GE Tax amounting to over 8% of my personal net income for the 2023 tax year, and my overhead is much lower than many of my colleagues. Subsequently, I face an additional tax of up to 4.712% on all purchased goods and services. This scenario places me, and all who serve MedQuest patients, at a significant tax disadvantage compared to our counterparts employed in traditional W-2 arrangements.

I again want to reiterate that the GE Tax is a monetary punishment levied against healthcare providers who serve the poor and vulnerable populations of Hawaii. As mentioned above, unlike patients holding commercial health insurance plans, to whom the GE Tax can be passed on to, healthcare providers are mandated to bear the GE Tax expenses directly out of pocket for all MedQuest patients. In the field of mental health specifically, this means that the already low MedQuest reimbursement rates are reduced further by the GE Tax. Consequently, a significant number of providers opt against accepting MedQuest patients (or opt to leave the islands altogether), thereby exacerbating the scarcity of mental health professionals. Therefore, imposition of the GE Tax on mental health clinicians serving MedQuest patients effectively discourages their participation, further limiting the availability of necessary services to a critically underserved population. It is noteworthy that individuals with the most severe mental health conditions are often those enrolled in MedQuest, so the policy of charging a GE Tax for Medicaid services becomes a regressive tax that only negatively impacts those with the most need.

It is also notable that approximately 50% of my peers from my graduate degree cohort in Clinical Mental Health Counseling at Hawaii Pacific University elected to relocate from Hawaii to the mainland, due to the high cost of living and high taxes imposed on self-employed individuals. Amending HB1675 to exempt mental health professionals, along with all other essential medical practitioners, from the GE Tax would significantly mitigate this professional exodus, thereby addressing the critical shortage of healthcare providers in our state. Although the bill lays a commendable foundation, it falls short of fully addressing the clinician scarcity across various medical domains in Hawaii.

Addressing the shortfall of medical and mental health practitioners dedicated to serving our vulnerable populations is imperative for facilitating early detection and treatment of medical and mental health issues. This could be anticipated to significantly reduce the reliance on emergency room services and psychiatric inpatient stays, and help to mitigate escalating healthcare costs. Implementing strategies to curtail the exodus of healthcare practitioners from Hawaii through such strategies as extending the GE Tax exemption more broadly to healthcare practitioners would substantially contribute to amelioration of this critical issue. Financially targeting clinicians who work with MedQuest directly contradicts the needs of the state, reflects poorly on the state of Hawaii, and implies a lot about how the state government feels about the disadvantaged of this state. It implies they don't care.

We are in a mental health crisis, and that should not just be a talking point for politicians to attract votes during election season. So do something about it. **Please amend HB1675 to include all healthcare providers, including mental health clinicians.**



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HB-1675-HD-1

Submitted on: 3/18/2024 6:27:53 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Justin Miller	Testifying for CBT Gym	Comments	Written Testimony Only

Comments:

Aloha,

Can you please amend bill to include all healthcare workers? As it currently stands, only MDs and APRNs would be affected. Mental Health Professionals are increasingly not taking Quest insurance. Making sure that all healthcare providers including all mental health professionals, would help to provide more providers to remain available on Quest plans.

Mahalo for your support,

Justin Miller
CBT Gym

HB-1675-HD-1

Submitted on: 3/15/2024 10:43:53 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cassandra Fisher, M.A., CCC-SLP	Individual	Support	Remotely Via Zoom

Comments:

I am writing to support HB1675. We need our congress to pass this bill, and to expand it not only for primary care, but specialist care and allied health professionals.

Did you know that the vast majority of speech therapy provided for pediatrics in the state of Hawai'i is done by private clinics? These private clinics, like the primary care providers in this bill, are also charged GET on 100% of income (no deduction for business operations allowed), and this GET is also illegal for us to pass to patients.

This is true for Medicare, Medicaid, Tricare, and Kaiser insurance plans.

The state of Hawai'i, by taxing health care provided in a 1:1 patient to provider treatment sessions, is contributing to the healthcare crisis. There is not a single waiting list under 5 months for speech therapy of the island of Oahu, if they take health insurance.

The financial burden of the state will grow as more families leave the islands to get timely healthcare. More providers are also leaving the islands, and closing small businesses. This impacts the financial health of the state for income taxes, unemployment insurance, and all the other income the state makes from GET on office rent, residential rentals, and more.

It is not only sound from a care for the community perspective, but from a financial longevity perspective, to pass this bill AND to expand it to include all healthcare provided by state licensed professionals.

Kelley Withy, MD, PhD

March 19, 2024

RE: HB1675 IN STRONG SUPPORT

Dear Chairs San Buenaventura and Keohokalole, Vice Chairs Aquino and Fukunaga, and Members of the Committees,

We have a severe shortage of physicians in Hawai'i, as well as nurse practitioners, physician assistants and almost all types of healthcare professionals and providers. In fact, the number of healthcare workers needed to fill the open positions in Hawai'i today is 3,500!!!

There are many reasons for this, but the number one reason is high cost of living and low pay. For physicians with private offices, it is very difficult to make ends meet. I know it sounds funny to say that doctors are not making much money, BUT IT'S TRUE. We have dozens of solo and small practice owners in Hawaii who have closed or told me that they may have to close their practices because of the high overhead and low reimbursement. Unfortunately, I have watched many practices do just that. This includes primary care, surgery and specialty care.

Some people say, "That's okay, they should close their medical practice and work for a larger medical group, it's more efficient." BUT, what if there is no large medical group in their area or for their specialty? If they close their office, then there is NOBODY to help the patients in that area. In fact, the greatest shortages and biggest needs are where we have less representation from large medical groups. Therefore we must help the small and solo practices survive.

I applaud your efforts in introducing this bill, because it will eliminate the double tax on doctors taking care of Medicare and Quest patients. My understanding is that the GET is charged on all goods and services. Therefore it is charged on all supplies, rent and employees a doctor pays. Then, when a doctor supplies services, s/he has to charge excise tax on that service. BUT, Medicare and Medicaid/MedQuest won't let any doctor charge more than the accepted rate. If they do, that is considered fraud, and they can be put in jail! So the doctor can't charge the tax to the patient and has to pay it herself out of her revenue!!!! I believe that hospitals and hospital clinics are exempt from this, so I believe that small and solo practices should be exempted too, as they are suffering. We need to keep these practices open to care for the patients in Hawaii!

Thank you for your consideration to this important need in Hawai'i. I support extending this to all healthcare workers who see Medicare, Quest or Tricare patients in Hawaii so we can keep them working in Hawaii!

HB-1675-HD-1

Submitted on: 3/18/2024 10:44:31 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Esther Smith	Individual	Support	Remotely Via Zoom

Comments:

. Hawaii has been ranked number 1 for healthcare by US News and World Report: This seems preposterous when 20% of Hawaii residents have considered moving to the mainland or to another island due to healthcare issues. As of 2020 Hawaii County is short 287+ primary care physicians and has the 3rd worst primary care shortage in the US. Maui and Kauai are ranked at 5th and 13th. As two clinics burned in Maui and one major clinic in Kuai have closed since I suspect we may have 3 counties in the top 10 when this years survey is published. 75% of rural hospitals in Hawaii are at risk of closing. There are severe shortages in Colorectal Surgery, Pathology, Pulmonary, Infectious Disease, Allergy/Immunology and Hematology/Oncology. My patients have to fly to see most specialists: patients who have homes on the mainland as well as Hawaii often get their specialty care on the mainland, patients who live full time on Big Island get their specialty care in Oahu.

My clinic has suffered the same inflation as the rest of the country. In response Congress reduced Medicare physician fees by over 4% in the last two years. Hawaii already has the lowest Medicare acceptance rate in the nation. Lack of access to care is killing people on the neighbor islands, Medicare reducing reimbursements will accelerate clinic and hospital closures.

Hawaii is the only state in the country who taxes Medicare and Tricare services. These costs cannot be passed on to the patient and are based on gross income. As I take home less than 25% of what comes into the clinic, I essentially pay over 20% of my income on the GET. Removing this unjust tax would essentially give every physician in private practice a raise, a raise that might make the difference between their doors staying open, or closing forever. Continuing the GET is nonsensical – the revenue lost from the clinics closed and never opened due to their shortsightedness would have been more than they collected from the GET.

HB-1675-HD-1

Submitted on: 3/15/2024 10:50:04 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Allen Novak	Individual	Support	Written Testimony Only

Comments:

I wish to testify in support of HB 1675.

I initially lived on Oahu, but have been a resident of Hilo for 30 years and a practicing nurse.

Hawaii has a severe shortage of healthcare providers, with some of the worst shortages of primary care providers in America. **The shortage is not as significant on Oahu as it is on the neighbor islands.** Hawaii Island has a shortage of over 40%.

I personally have had problems accessing a primary care provider in the East Hawaii Island area, and have not received the healthcare which I, as a nurse, know I needed.

Medical practices are under considerable financial stress due to rapidly rising costs and falling reimbursements from insurance programs. Hawaii's unique taxation of healthcare services with the General Excise Tax amplifies the challenges facing medical practices by taxing gross revenues, even when providers break even or lose money providing healthcare services. One reason medical private practice is dying is because Hawaii has the highest cost of living in the nation, by far, and the near-lowest insurance reimbursements in the nation. On top of that, Hawaii is the ONLY state in the nation to tax the Federal health insurance programs Medicare, Medicaid (Quest) and Tri-Care (military), which combined is 50% of all people in our state. By federal law, this 4.7% GET tax cannot be passed on to patients. A 4.7% GET on practice gross receipts is more like a 11-25% hit to their net income.

Please help save medical practices in Hawaii by supporting HB 1675.

Allen Novak

HB-1675-HD-1

Submitted on: 3/15/2024 11:26:16 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Dr. Heather Hirata DNP	Individual	Support	Written Testimony Only

Comments:

Aloha,

As a resident of Hawaii island for 40 years and a family nurse practitioner that has taken care of Hawaii Island patients for 15 years, I am in support of HB 1675 to remove the barrier and burden of the general excise tax levied on medical providers in the State of Hawaii. This quarterly bill on gross income is a barrier and burden to medical providers that want to set up a practice taking care of our citizens, increasing the medical provider shortage and increasing the corporate medical structure (BIG practices) while pushing out family practice providers that cannot afford the costs of doing business in Hawaii. Please pass HB 1675 so small practices can succeed in business in the State of Hawaii while serving our community.

HB-1675-HD-1

Submitted on: 3/15/2024 6:53:15 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lynn Murakami Akatsuka	Individual	Support	Written Testimony Only

Comments:

I strongly support the passage of HB 1675, HD 1 this legislative session. This is one step forward to help our medical professionals financially to survive and remain in Hawaii to provide medical service to our residents.

Thank you for the opportunity to submit written testimony in strong support of HB 1675, HD 1.

Kenneth Hayashida, Jr., MD
1968 S. Coast Hwy, #3578
Laguna Beach, CA 92651
March 15, 2024

The Honorable Senator Jarrett Keohokalole (SD-24), Chair
The Honorable Senator Carol Fukunaga (SD-11), Vice-Chair
Senate Committee on Commerce and Consumer Protection
Hawai'i State Capitol

Subject: Considerations Relating to the General Excise Tax on the Disabled

Dear Senators Keohokalole, Fukunaga, McKelvey, Richards, and Awa;

This letter is to urge members of the Senate Committee on Commerce and Consumer Protection to support HB 1675 and amend the existing bill to **immediately repeal the General Excise Tax for any and all private health services by licensed health professionals in Hawaii.**

In the aftermath of the August 2023 fire disaster, countless Hawaii citizens have suffered significant physical and emotional trauma and require specialized medical attention.¹ However, it is deeply concerning that these individuals, including those seeking medical services under Medicaid, Medicare, Tricare, and other federally funded programs, are also burdened with an additional financial strain of being taxed for the healthcare they desperately need.²

There is a crucial opportunity to lower the cost of healthcare faced by all citizens of Hawaii, but particularly for **federally protected classes of citizens**, and the people injured in the Maui Fire Complex disaster. Your committee can take an important step to establish fair treatment and protection for all citizens by repeal of the General Excise Tax on health services in Hawaii.

Taxation on healthcare services disproportionately impacts classes of federally protected people, including by gender, by economic status, by age, by language, and by physical or mental disability. This unfairly exacerbates financial hardship on Hawaii's families, caregivers, and citizens while also raising serious federal and state legal and ethical concerns.

In a February 2023 bulletin by US CMS, the administration warns states of investigations of these taxes. These include legal review of provider contracting, audit of income collected by states, and reductions in budgetary allocations by the US federal CMS programs to the state.³

By exempting healthcare services by licensed professionals from the GET, your committee can provide much-needed relief of financial burdens on citizens while ensuring that they are treated fairly and equitably under Hawaii tax law.

¹ "Initial Findings from the Maui Wildfire Exposure Study", The Economic Research Organization at the University of Hawai'i, February 8, 2024

² "Tax Facts 98-1, General Excise Tax on Medical and Dental Services", State of Hawaii, Department of Taxation, Revised January 2023

³ "Health Care-Related Taxes and Hold Harmless Arrangements Involving Redistribution of Medicaid Payments", CMCS Informational Bulletin, Center for Medicare & Medicaid Services, February 17, 2023

People in the disaster zone need to recover and rebuild lives without facing additional financial hardship, especially unfair taxation imposed on people injured and suffering from physical and mental effects of the disaster.

I commend the efforts of the bill sponsors and supporters who have worked tirelessly to draft and promote this legislation. Their dedication to the well-being of citizens in communities with specific federal civil rights protections is commendable, and I urge you to join them in prioritizing the immediate passage of HB 1675 and withdrawal of any delays in implementation.

In conclusion, I respectfully request that you give favorable consideration to House Bill 1675. By supporting this bill, we can ensure that the Lahaina fire victims receive the care and support they need to heal and rebuild their lives, while also upholding principles of fairness and justice for all citizens, particularly those under federally funded medical programs.

Thank you for your attention to this important matter.

Sincerely and with Aloha,

Dr. Kenneth H. Hayashida, Jr., MD

Retired, Board-Certified Pediatrician

Former member of Maui County Medical Association & Maui Medical Center staff (2010)

Hawaii Physicians License MD-15565

California Physicians License #A056162

Former Adjunct Faculty, Health Technology Engineering, Keck School of Medicine of USC and Viterbi School of Engineering at the University of Southern California

Chairman of the Board, Keiro Pacifica Community Advisory Board (2016-2022)

Member of the Scientific Committee, University of Hawaii Maui Wildfire Exposure Study

Member of Hawaii Health CARES Hui (2020 - present)

Co-founder Community Advisory Board on Health Equity (2023 - present)

Kenneth Hayashida, Jr., MD
1968 S. Coast Hwy, #3578
Laguna Beach, CA 92651
March 15, 2024

The Honorable Senator San Buenaventura (SD-2), Chair
The Honorable Senator Henry J.C. Aquino (SD-19), Vice-Chair
Senate Committee on Health and Human Services
Hawai'i State Capitol

Subject: Relating to the General Excise Tax on Health Services for the People of Lahaina, Maui

Dear Senators Buenaventura, Aquino, Keohokalole, Shimabukuro, and Awa:

This letter urges the passage of HB1675 with appropriate amendments to **immediately repeal the General Excise Tax on all health services by any and all licensed health professionals in Hawaii.** In a February 2023 bulletin by US CMS, the Biden administration warns states that tax healthcare services of possible legal review of provider contracting, audit of income collected by states, and reduction in federal budgetary allocations to the states that tax healthcare providers.⁴

In the aftermath of the August 2023 fire disaster, many individuals have suffered significant physical and emotional trauma and require specialized medical attention.⁵ It is deeply concerning that any individuals seeking private medical services under Medicaid, Medicare, Tricare, and other federally funded programs, are also burdened with an additional financial strain of being taxed for the healthcare they desperately need.⁶

Legislators and sponsors need to draft appropriate amendments to immediately exempt all health services in Hawaii from the General Excise Tax. The Lahaina fire victims need to receive care and support from private specialists and providers of care. Delays of implementation of this bill until 2026 are unfair to these victims of the fire and may result in further legal review of existing DOTAX policy under US federal civil rights code.

There is a time critical need to lower the cost of healthcare for the people injured in the Maui Fire Complex disaster. Your committee's approval is needed to protect disaster victims from unfair taxation on their injuries and to provide much-needed relief of financial burdens on citizens while ensuring that they are treated fairly and equitably under Hawaii tax law.

Sincerely and with Aloha,
Dr. Kenneth H. Hayashida, Jr., MD
Retired, Board-Certified Pediatrician
Member of Hawaii Health CARES Hui
Co-Founder Community Advisory Board on Health Equity

⁴ "Health Care-Related Taxes and Hold Harmless Arrangements Involving Redistribution of Medicaid Payments", CMCS Informational Bulletin, Center for Medicare & Medicaid Services, February 17, 2023

⁵ "Initial Findings from the Maui Wildfire Exposure Study", The Economic Research Organization at the University of Hawai'i, February 8, 2024

⁶ "Tax Facts 98-1, General Excise Tax on Medical and Dental Services", State of Hawaii, Department of Taxation, Revised January 2023

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Hawai'i State Capitol

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In the aftermath of the August 2023 fire disaster, countless Hawaii citizens have suffered significant physical and emotional trauma and require specialized medical attention.¹ However, it is deeply concerning that these individuals, including those seeking medical services under Medicaid, Medicare, Tricare, and other federally funded programs, are also burdened with an additional financial strain of being taxed for the healthcare they desperately need.²

There is a crucial opportunity to lower the cost of healthcare faced by all citizens of Hawaii, but particularly for **federally protected classes of citizens**, and the people injured in the Maui Fire Complex disaster. Your committee can take an important step to establish fair treatment and protection for all citizens by repeal of the General Excise Tax on health services in Hawaii.

Taxation on healthcare services disproportionately impacts classes of federally protected people, including by gender, by economic status, by age, by language, and by physical or mental disability. This unfairly exacerbates financial hardship on Hawaii's families, caregivers, and citizens while also raising serious federal and state legal and ethical concerns.

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By exempting healthcare services by licensed professionals from the GET, your committee can provide much-needed relief of financial burdens on citizens while ensuring that they are treated fairly and equitably under Hawaii tax law.

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People in the disaster zone need to recover and rebuild lives without facing additional financial hardship, especially unfair taxation imposed on people injured and suffering from physical and mental effects of the disaster.

I commend the efforts of the bill sponsors and supporters who have worked tirelessly to draft and promote this legislation. Their dedication to the well-being of citizens in communities with specific federal civil rights protections is commendable, and I urge you to join them in prioritizing the immediate passage of HB 1675 and withdrawal of any delays in implementation.

In conclusion, I respectfully request that you give favorable consideration to House Bill 1675. By supporting this bill, we can ensure that the Lahaina fire victims receive the care and support they need to heal and rebuild their lives, while also upholding principles of fairness and justice for all citizens, particularly those under federally funded medical programs.

Thank you for your attention to this important matter.

Sincerely and with Aloha,

Dr.Kenneth H.Hayashida, Jr.,MD

Retired, Board-Certified Pediatrician

Former member of Maui County Medical Association & Maui Medical Center staff (2010)

Hawaii Physicians License MD-15565

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Former Adjunct Faculty, Health Technology Engineering, Keck School of Medicine of USC and Viterbi School of Engineering at the University of Southern California

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Senate Committee on Health and Human Services
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Dear Senators Buenaventura, Aquino, Keohokalole, Shimabukuro, and Awa:

This letter urges the passage of HB1675 with appropriate amendments to **immediately repeal the General Excise Tax on all health services by any and all licensed health professionals in Hawaii.** In a February 2023 bulletin by US CMS, the Biden administration warns states that tax healthcare services of possible legal review of provider contracting, audit of income collected by states, and reduction in federal budgetary allocations to the states that tax healthcare providers.⁴

In the aftermath of the August 2023 fire disaster, many individuals have suffered significant physical and emotional trauma and require specialized medical attention.⁵ It is deeply concerning that any individuals seeking private medical services under Medicaid, Medicare, Tricare, and other federally funded programs, are also burdened with an additional financial strain of being taxed for the healthcare they desperately need.⁶

Legislators and sponsors need to draft appropriate amendments to immediately exempt all health services in Hawaii from the General Excise Tax. The Lahaina fire victims need to receive care and support from private specialists and providers of care. Delays of implementation of this bill until 2026 are unfair to these victims of the fire and may result in further legal review of existing DOTAX policy under US federal civil rights code.

There is a time critical need to lower the cost of healthcare for the people injured in the Maui Fire Complex disaster. Your committee's approval is needed to protect disaster victims from unfair taxation on their injuries and to provide much-needed relief of financial burdens on citizens while ensuring that they are treated fairly and equitably under Hawaii tax law.

Sincerely and with Aloha,
Dr. Kenneth H. Hayashida, Jr., MD
Retired, Board-Certified Pediatrician
Member of Hawaii Health CARES Hui
Co-Founder Community Advisory Board on Health Equity

⁴ "Health Care-Related Taxes and Hold Harmless Arrangements Involving Redistribution of Medicaid Payments", CMCS Informational Bulletin, Center for Medicare & Medicaid Services, February 17, 2023

⁵ "Initial Findings from the Maui Wildfire Exposure Study", The Economic Research Organization at the University of Hawai'i, February 8, 2024

⁶ "Tax Facts 98-1, General Excise Tax on Medical and Dental Services", State of Hawaii, Department of Taxation, Revised January 2023

HB-1675-HD-1

Submitted on: 3/16/2024 12:36:00 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
David Camacho	Individual	Support	Written Testimony Only

Comments:

My wife and I are physicians on the island of Hawaii. We struggle daily taking care of our peoples because of the severe provider shortage. This includes both primary care and specialists. I am a radiologist and we recently terminated our contracts with HIlo Medical Center and Kona Hospital including the critical access hospitals since we lacked the specialist radiologists to provide 24/7 coverage. I am in support of this bill but the specialists should also be included. The island is short in almost every single specdialist. I met two JABSOM radiologists last week and both have taken jobs on the mainland rather than return home.



Edward Gutteling, MD, FAAOS

670 Kekuanaoa Street,
Hilo, Hawai'i 96721
Telephone (808) 961-2609
Fax (808) 969-9262

15 March, 2024

Re: **HB 1675, HD1 (HSCR934-24), GET on medical services**

- **ORTHOPEDIC SURGERY**
- **SPORTS MEDICINE**

Dear Honorable Senators and Representatives:

- Team Orthopedic Surgeon
University of Hawaii – Hilo
Vulcan Athletics

Vulcan Athletic Hall of Fame 2015

- (Fmr) Asst. Clin. Prof. of Surgery
University of Hawaii, John A. Burns
School of Medicine

- (Fmr) Community Faculty
Hawaii Island Family Medicine
Residency

- Fellow, American Academy of
Orthopedic Surgery

- Board Certified, American Board
of Orthopedic Surgery

- Orthopedic Research Fellowship,
UMDNJ

- 1) Support / Approve (Necessary, ***but not sufficient***)
- 2) **Please Amend: to include ALL healthcare providers, physicians and dentists**
(Necessary AND sufficient)

- As you may be aware, Hawaii is **unique in the nation in taxing** Federal Health Insurance reimbursements for medical services, and one of only two that taxes private healthcare insurance policy reimbursements at all.
- **50% of all humans in Hawaii are subject to paying this tax**, passed on by their providers, as an added burden and insult to their struggling lives, on top of the costs and disabilities of their illnesses and injuries. **Not a good look for the “Aloha State”.**
- The other 50% of all humans in Hawaii are in Federal programs (Medicare, Medicaid-Quest, Champus /Tricare) and **are forbidden by Federal law from receiving those taxes**, despite the **State of Hawaii Dept of Taxation suggesting for decades that doctors do so, and so risk Federal criminal fraud liability**. Their doctors and providers have to eat that 4.7% cost, off the top (gross), **This is making many practices unsustainable financially**. Presently, if every hospital in Hawaii (now exempt by state law exception, unlike the rapidly dying number of private practices) were required to pay that tax, they would all be bankrupt. It would be an extinction level effect.
- The Hawaii Senate and House of Representatives have for the last 3 years passed **unanimously** (!!!) in **every** committee, some form of exemption for this societally harmful and probably Federally illegal tax policy, with the exception of the House Finance Committee refusing to even consider the issue. Until this session. It now has universal and unanimous approval in one form or another, including them.
- The present bill exempts **only PRIMARY CARE** physicians and nurse practitioners from GET on all health insurance reimbursements. This an excellent step, but needs amendment: **ALL types of health care services need to be exempt**. Otherwise, patients will be taxed every time they are referred to our critically declining numbers of specialists, dentist or other non-primary care service. This is unjust and harmful. Also, **ALL healthcare services need to be exempt**, including in addition to physicians and nurse partitioners, our colleagues the Physician Assistants, Physical Therapists, Dentists, Mental Health counselors...etc.

With respect and warmest aloha

Edward Gutteling, MD, FAAOS

HB-1675-HD-1

Submitted on: 3/16/2024 5:12:40 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Paula Phillips	Individual	Support	Written Testimony Only

Comments:

Aloha Legislators,

I would like to ask you to pass House Bill 1675 and House Bill 2627/Senate Bill 2169 to provide a GET exemption for healthcare providers.

As a resident of Maui and a senior on a Medicare plan, it is hard to deny the effect the shortage of medical providers is causing our community, island, and state. I hear about this frequently on the local news. It is so hard to find physicians and specialists on Maui. We need to do all we can to help the situation. I almost had to fly to Oahu just to get a colonoscopy. I finally found a surgeon to do it, but I couldn't find a gastroenterologist. Fortunately all was fine or I would have had to fly to Oahu at my own expense. I also had to fly over there to get eye surgery last summer.

The GET tax as well as low reimbursements from Medicare and local insurance companies, year after year more health care providers are closing their practices and/or moving out of state. This has happened to me with my ENT and podiatrist. Hawaii is the only state that taxes Medicare, Medicaid, and TriCare insurance benefits. Hawaii is one of the very few states that imposes a general excise tax on gross income for all medical services.

Practices of local insurance companies such as HMSA along with the GET tax are forcing doctors and APRNs to reconfigure the scope of practice and not accept insurance forcing patients to pay 100% of their bills out of pocket. As an effect, only those with wealth can afford treatment. If we continue to only care for the tourist industry and the wealthy, we will create an increase in the extremely low socioeconomic communities. Statistics show low socioeconomic communities have more drug use, violence, lower education rates, and crime.

Lastly, our Lahaina community is struggling and will continue to struggle for many years as our town is being rebuilt. After the trauma, not having access to health care should be the least of our community's worries.

Mahalo for your consideration on this issue,

Paula Phillips

Haiku, Maui

HB-1675-HD-1

Submitted on: 3/16/2024 8:46:50 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kristyn Nishimoto	Individual	Support	Written Testimony Only

Comments:

As a pediatrician in private practice taking care of keiki, as well as their 'ohana, I am in support of HB 1675. By allowing a generalized excise tax exemption for healthcare services, this would provide much needed support to physicians, and by extension their patients, especially in the face of a growing shortage of physicians. This burdensome general excise tax on healthcare providers, affects even the treatment of those with Medicare and Medicaid insurance. These at risk populations, in particular, face an even greater shortage of physicians in the community willing to care for them. By law, these costs cannot be passed on to our patients, leaving us to bear a heavy financial load, effectively paying this tax twice—once upon receiving and again when we buy or obtain services for our clinics around 11% on gross collections.

HB-1675-HD-1

Submitted on: 3/17/2024 3:59:09 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Alexander Egerter	Individual	Support	Written Testimony Only

Comments:

My wife and I are physicians who provide specialty and primary care to patients in NY and OH. We have planned to move to HI to practice medicine however we have serious reservations about lower salaries and higher costs of living. We are familiar with higher costs of living having lived in NYC for many years but the salaries kept up with cost of living.

This bill would potentially increase physician salaries which would encourage us to move to HI and provide much needed primary care.

Thank you for your consideration,

HB-1675-HD-1

Submitted on: 3/17/2024 9:35:44 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cathy Wilson	Individual	Support	Written Testimony Only

Comments:

As we all know, HI has an extremely comprehensive General Excise Tax that applies to almost every transaction and “pyramids” (taxes on tax). Currently, the GET is based on gross receipts (not earnings). At 4.5%, this causes a hardship on medical providers trying to keep up with payroll, cost of doing business, etc., in addition to this extra tax. By allowing healthcare providers to be exempt from this tax, you are allowing them more income to stay in business. This bill is a must!

Thank you for your consideration,

Warmly,

Cathy Wilson

HB-1675-HD-1

Submitted on: 3/17/2024 12:28:57 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Heather Rosehill	Individual	Support	Written Testimony Only

Comments:

Healthcare - good, quality healthcare - is hard to come by in rural areas. I live on the Big Island of Hawaii, and I love my doctors. They have put their blood, sweat and tears into the patients here, and I appreciate and love each one, but imagine how much nicer it would be if these great doctors had help?!? No one person can figure out the ailments of 1000 or 10,000 people by themselves. They need diagnostic input and consultation with other professionals in order to find the quickest, most efficient, cheapest way to fix me. Why are we, as a state, presenting more barriers for doctors to come here? The cost of living and isolation are already huge barriers to care, why make more? This bill should not only cover one's primary care provider, but it should cover all specialists as well. There should NEVER be additional costs for healthcare! If you want a healthy state where the people thrive and grow and contribute to the community, then our people need and deserve good healthcare.

i have had three surgeries on my Achilles tendon because I ruptured it almost three years ago. My surgeons and doctors and wound care specialists have worked tirelessly to heal my ankle, but it's not enough. They need help, and there isn't anyone here to consult with or refer me to in order to heal my foot. They have tried everything they can think of, but what if there are other treatments they haven't thought of?!? What if another doctor holds the answer, but that doctor doesn't want to practice in Hawaii because of the added costs and barriers?!? Then doesn't that diminish the quality of healthcare I receive, and therefore also, my quality of life? I live in paradise, but I cannot enjoy it. I have not been able to swim or enter the ocean for almost three years. I've been on antibiotics for almost two years. I wonder if this will ever end. Aaron Rodger's had the same injury as I did, but he had access to all the medical doctors and physical therapy and experts that this country has to offer. I'm not a big star or professional athlete, but as a citizen of this country, don't I deserve access to the same quality of care as he?!? Please, I implore you, stop creating barriers to quality healthcare. Instead, find ways to entice and attract doctors to come here and practice. Provide incentives. Do whatever needs to be done to overcome this shortage of doctors. Attract more doctors so the doctors we do have don't get burned out and leave. Avert crisis by planning ahead. Remove this barrier because it's a little something we can do to help. Thank you.

HB-1675-HD-1

Submitted on: 3/17/2024 1:49:03 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lila Mower	Individual	Support	Written Testimony Only

Comments:

I support this measure which, if enacted, will help Hawaii retain its medical professionals.

HB-1675-HD-1

Submitted on: 3/17/2024 7:45:38 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ewelina Slimak	Individual	Support	Written Testimony Only

Comments:

The GE Tax imposes financial burden on LMHCs serving Medicaid holders, causing many clinicians to decline serving them, thus reducing available clinicians for this underserved population.

HB-1675-HD-1

Submitted on: 3/18/2024 6:30:27 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Marsha Lowery ND	Individual	Support	Written Testimony Only

Comments:

I am in full support of this bill with the following changes. It needs to include Naturopathic Physicians, Physical Therapists, Occupational Therapists, Chiropractors, Acupuncturists and all other specialists who bill insurance.

HB-1675-HD-1

Submitted on: 3/18/2024 7:28:05 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Marquita Granda	Individual	Support	Written Testimony Only

Comments:

I wish to testify in support of HB 1675. I am a psychiatric mental health nurse practitioner from Kaua'i but now live on Hawai'i island due to the housing crisis that significantly worsened over the last few years on Kaua'i. It was always my dream to serve local communities and I recently moved back from Oregon to do so. I opened a private practice and am shocked at the difference in insurance reimbursement rates between Oregon and Hawai'i. We are reimbursed significantly less in Hawai'i. In order to support my family, I have considered outsourcing my services to Oregon and Washington, where I am licensed and exempt from paying GET. I am sad that I have to choose between supporting my community and supporting my family, I have never felt so conflicted. Passing this bill would ease some of this hardship. Mahalo for your consideration.

HB-1675-HD-1

Submitted on: 3/18/2024 10:13:45 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Shaun Berry MD	Individual	Support	Written Testimony Only

Comments:

Aloha Senators,

Please support this measure. I worked for six years as a home care physician, going to the homes of patients who were homebound. It was a wonderful service for them and their families. But after six years, I could no longer afford to do this anymore, as I made very little money. I took mostly Medicare and Medicaid patients and it just was not enough to sustain a private practice.

The General Excise Tax on top of the low Medicare and Medicaid rates took an additional 5% off the top of my income, such that it was less than \$80,000 a year. As a cost that I could not pass through, it was an additional burden that forced me to close this very special practice.

Please exempt small practices from this burdensome tax, just as you have exempted hospitals and non-profits.

Mahalo

To: Hawaii State Senate Committees on Health & Human Services and on Commerce & Consumer Protection

Hearing Date/Time: Wednesday March 20, 2024, 1:00pm

Place: Hawaii State Capitol, CR 225 & Videoconference

Re: Judith Ann Armstrong supports HB1675 HD1 Relating to the General Excise Tax

Dear Chairs Senator Joy A. San Buenaventura and Senator Jarrett Keohokalole, Vice Chairs Senator Henry J.C. Aquino and Senator Carol Fukunaga and members of the Committees on Health & Human Services and on Commerce & Consumer Protection

I, Judith Ann Armstrong, strongly support HB1675 HD1 Relating to the General Excise Tax

As you well know, there is a significant and growing health care shortage on Hawaii's Neighbor Islands (NI), where 30% of the state's population lives. Hawai'i County is down 187 full-time physicians (40%) Maui County is short 158 full-time physicians (40%). A 2021 analysis found Hawai'i County had the third highest shortage of primary health care professionals in the nation. And Kauai had a 33% shortage of physicians as of December 2020, a problem that worsened post-pandemic. A 2022 report found 75% of Hawai'i rural hospitals were at risk of closing, the highest of any state (1) to (5). As mainly rural communities, NI residents regularly drive long distances for routine care, often must find specialty care on O'ahu or out of state, and are dependent upon air ambulance for transport to Honolulu hospitals for major emergency events (6). Since the cost of all goods and services are higher on NI's, medical providers say the cost of doing business is so high they are closing NI practices & moving to O'ahu or out of state.

As a result, NI residents often experience delayed care leading to health complications, and even loss of life. It is common to hear of NI residents (with medical insurance) who are unable to find a primary care doc who is "accepting new patients"; have long waits for appointments; have long delays to see a specialist who flies in only once a month to see patients, and/or pay out of pocket to fly to Honolulu for specialty care (See Patient Stories). NI residents pay more for health insurance than O'ahu residents because health insurers put us in single island risk pools, rather than combining all Hawaii residents into one risk pool. All residents of Hawai'i pay for these NI difficulties and delays in finding medical care. The higher costs of emergency care, medical complications and morbidity increases costs to the entire health care system. Insurers then raise medical premiums, and this cost is passed on to employers and consumers. This is a complex problem which will require multiple solutions. While our team preferred more comprehensive versions of this bill that have not progressed (those that would have exempted a wider range of services, including medical, dental and specialty care), this bill will make a critical start towards improved access to health care services.

Patient and Provider Stories:

Person 1: A 70 year old Hawaii Island resident passed out in a California airport bathroom and was hospitalized with a septic infection. She returned home to Pa'auilo Mauka after discharge in need of follow-up care but found her PCP had moved away from Hawaii Island. Because phone calls to other doctors went either unanswered or they were not accepting new patients, a friend took her driving

around the island, showing up in person at doctors' offices until they were able to get appointments and eventually find a NP and physician team to provide her care.

Person 2: A couple in their late 60s moved from O'ahu to Waimea on Hawaii Island 2 years ago. They were surprised to find that their Kaiser Medicare Advantage plan doubled in cost for less coverage once they moved to Hawaii Island.

Person 3: A young couple on Kauai had a baby on island. He was born healthy except his head was misshapen. There was no doctor on Kauai who could help with this problem. Their pediatrician referred them to a doctor on O'ahu. Their insurance would cover the doctor visits but not any of the travel to and from or overnights on Oahu. The treatment would take at least 6-8 months, an expensive "helmet" and regular visits with the doctor to adjust the helmet frequently enough to reshape the baby's head. They did not have the money for a trip every month. Each trip would require flights, taking off work or an overnight on Oahu to avoid taking off work. Timing was critical because you want to start the treatment very soon before the reshaping is more difficult. This couple fundraised with family and online and was able to do this but not without a lot of stress and financial burden.

Provider 4: The only ophthalmologist on the island A was forced into bankruptcy despite a busy patient schedule. To address this, she worked out an arrangement to be on call with the 3 major hospitals on island. The result is she is seeing patients during the day and driving long distances at night every night to see emergency patients. This is not sustainable for this individual and the island may soon lose its only eye specialist.

Mahalo for your time and attention to this important issue!

References:

(1) <https://nursingeducation.org/blog/counties-with-the-biggest-primary-health-care-worker-shortages/>

(2) https://www.hawaii.edu/govrel/docs/reports/2022/act18-sslh2009_2022_physician-workforce_annual-report_508.pdf

(3) <https://bigislandnow.com/2022/11/17/kauai-doctor-shortage-includes-most-specialities-forcing-residents-to-fly-to-oahu/>

(4) <https://www.civilbeat.org/2022/11/hawaii-island-is-getting-new-federal-funds-to-tackle-health-care-shortages-is-it-enough/>

(5) Hawaii County Council, testimony of retired Hilo OB-GYN John Uohara, West Hawaii Today.9.10.23

(6) <https://www.civilbeat.org/2023/06/hawaiis-struggle-to-provide-health-care-for-rural-islands-nearly-turned-tragic-for-this-expectant-mom/>

(7) <https://www.hawaiitribune-herald.com/2023/05/04/hawaii-news/budget-includes-funds-to-boost-medicaid-reimbursement-rates/>

Thank you for this opportunity to testify in support of HB1675 HD1.

Sincerely,

Judith Ann Armstrong

HB-1675-HD-1

Submitted on: 3/18/2024 10:43:20 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Woodrow Chung	Individual	Support	Written Testimony Only

Comments:

currently a specialist physician with small medical clinic affected by the monthly GET. this is affecting everyone, not just primary care. insurance reimbursements are getting smaller and I am deciding to leave the state soon due to high GET and low reimbursement

HB-1675-HD-1

Submitted on: 3/18/2024 11:22:14 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Meriah Nichols	Individual	Support	Written Testimony Only

Comments:

I support the eradication of mental health service providers paying GE Taxes on their clients. This is unfair. It also creates a situation in which a service provider needs to make a choice between serving an underserved population or making a fair wage.

Please remove the GE Tax from the service providers.

HB-1675-HD-1

Submitted on: 3/18/2024 11:29:40 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Betsy Scolnik	Individual	Support	Written Testimony Only

Comments:

strongly support

HB-1675-HD-1

Submitted on: 3/18/2024 1:12:29 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Joy Dillon	Individual	Support	Written Testimony Only

Comments:

Aloha, members of the HHS and CPN Committees.

I am in strong support of this bill. We need to do all that we can to attract and maintain qualified health professionals to come to Hawaii. We need to provide incentives to doctors and nurses not disincentivise them.

I strongly urge you to vote YES on this bill. Thank you for your consideration.

Joy Dillon

Hilo Resident

HB-1675-HD-1

Submitted on: 3/18/2024 1:45:28 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Wailua Brandman	Individual	Support	Written Testimony Only

Comments:

Support.

HB-1675-HD-1

Submitted on: 3/18/2024 2:38:58 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Summer Peach	Individual	Support	Written Testimony Only

Comments:

Aloha,

My name is Summer Peach and I am a pediatric speech-language pathologist. I have been practicing on Oahu for the past 5 years. I own a pediatric speech therapy practice called Sunny Speech Therapy. We provide private speech therapy to dozens of families on the island of Oahu. We are contracted with Kaiser and Tricare. I am writing in **support** of SBHB1675 **WITH AMENDMENT**, to expand the bill to skilled allied health professionals.

The vast majority of speech therapy provided for pediatrics in the state of Hawai'i is through private clinics. These private clinics, like the primary care providers in this bill, are also charged GET on 100% of income with no deductions for business operations allowed. It is illegal for us to pass this GET tax on to our patients for the majority of insurance plans, such as Medicare, Medicaid, Tricare and Kaiser.

As you know, we are in a healthcare crisis, with speech therapy waitlists for up to 5 months. The GET tax on the private clinics adds to the financial burden along with 3.4% reimbursement cuts that Speech-Language Pathologists and Audiologists have endured over the past several years. Many clinics are not surviving and adding to the crisis of timely services.

We request that you consider passing this bill **with the amendment to ADD state-licensed allied health professionals**, in order to assist our small local businesses to survive and provide the much needed care to our community.

Thank you for your time and consideration.

Sincerely,

Summer Peach, M.S. CCC-SLP

March 18, 2024

HHS/CPN Committees

Dear Honorable State Legislators,

Hawai'i's unique taxation on healthcare through the General Excise Tax (GET) on Medicare, Medicaid, and TriCare patients is driving a critical shortage of healthcare professionals, hitting our Neighbor Islands and rural areas hardest. The University of Hawai'i Area Health Resource Center highlights this severe shortage, particularly among private practice physicians on the Neighbor Islands.

A concerning survey by Community First revealed that half of Hawai'i's healthcare workers are considering leaving the profession or the state, or cutting back their hours due to these challenges. More alarmingly, this shortage is causing significantly higher mortality rates on the Neighbor Islands, with Maui experiencing up to a 43% shortage of doctors and a consequent spike in deaths from various causes. This crisis demands urgent action.

In 2023, a broad coalition rallied to address this issue, advocating for GET reform to exempt healthcare services from this tax—a move supported unanimously in the Senate and by every committee it passed. Yet, the House Finance Committee has stalled further progress of SB1035 by refusing to schedule a hearing on critical reform bills.

This inaction undermines the health and well-being of over half of Hawai'i's population covered by the affected programs and contradicts the clear consensus for reform. It's time for our Honorable State Legislators to act, to hold a hearing, and to make a public vote on these life-saving measures. The health crisis in Hawai'i, marked by the nation's worst shortage of healthcare providers, demands immediate attention and action. Hawaii has been named the #1 worst state for physicians by Beckers Hospital Review: https://www.beckershospitalreview.com/rankings-and-ratings/15-best-worst-states-for-physicians-in-2024.html?origin=BHRE&utm_source=BHRE&utm_medium=email&utm_content=newsletter

While it is helpful to inject millions of funds in programs such as medical student loan repayment programs and give millions to certain hospital systems, these are not systemic fixes and WILL NOT put a dent into our current healthcare crisis which is causing tens of thousands of people to suffer and die needlessly in this state. It is time to turn this ship around by immediately passing laws and urging Governor Dr Josh Green to make an emergency proclamation with these provisions:

1. Eliminate GET for all healthcare services
2. Eliminate prior authorizations requirement by insurances
3. Adjust the GPCI similar to Alaska
4. Actively investigate and fight monopolizing practices by insurances and large healthcare systems by the State Insurance Commissioner as well as the State Auditor and the Attorney General

If we do all these in the next year, we can make an incredible change in our healthcare system here in Hawaii but we need speed and we need great leadership.

I strongly advocate for the immediate passage of HB1675, with critical amendments to abolish the General Excise Tax (GET) on all healthcare services provided by licensed health professionals in Hawaii. This measure is urgent to prevent discriminatory access to healthcare and ensure equity across the state.

Additionally, I have underscored the importance of a civil rights review and potential federal intervention if these necessary amendments are not implemented. The omission of any health professional or service from this repeal poses a significant threat to civil liberties and rights, warranting immediate attention.

Contrary to Mr. Sukanuma's assertions, the definition of "primary care" is not as ambiguous as suggested, nor does it necessitate a two-year deliberation. His stance risks delaying essential healthcare reform and may itself be subject to scrutiny under US civil rights legislation, specifically DOTAX 98-1. To facilitate swift legislative progress and uphold the public interest, I urge Mr. Sukanuma to retract his previous advisory to the House Health Committee, allowing HB1675 to advance with the requested amendments for a unanimous and unobstructed passage.

The State of Hawaii must issue refunds for taxes wrongly levied on victims of the COVID pandemic and the Maui fire disaster, as well as on those affected by Oahu's Red Hill water contamination issue. It's unjust for the state to profit from consultations regarding the Red Hill crisis, where residents were exposed to unsafe water due to state oversight.

Moreover, the failure of Hawaii's legislators to provide refunds to the disabled, injured, elderly, and their families—who were inappropriately taxed during their times of need—

highlights a profound ethical lapse. The essence of this bill is clear: it is morally reprehensible for the state to financially benefit from the misfortunes of its residents, including those devastated by the Lahaina and Maui fires. Taxing individuals in such vulnerable situations, especially when federal opinion from the Biden/Harris administration under HHS Secretary Becerra has not been provided, is not only unethical but illegal.

Hawaii stands alone in imposing this burden, taxing healthcare services provided to the elderly, disabled, and sick. The General Excise Tax (GET) on healthcare professionals, including physicians, surgeons, dentists, and mental health providers, must be abolished. The stark shortage of qualified healthcare professionals in Maui only amplifies the urgency of this issue.

Let's address this grave situation together. Mahalo for acknowledging and acting on this urgent crisis.

Here are the videos I've made that has been shared on social media about the GET exemption of healthcare services:

<https://youtu.be/fCHUYGzi6jA>

<https://youtu.be/IQIEOQWqWrU>

Mahalo.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephanie Yan', written in a cursive style.

Dr. Stephanie Yan

HB-1675-HD-1

Submitted on: 3/18/2024 2:59:41 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Joy Kaaz	Individual	Support	Written Testimony Only

Comments:

Dear Legislators,

I am submitting written testimony in support of the passage of HB1675 with amendments to immediately repeal the General Excise Tax on all licensed healthcare services and providers.

It is very concerning that those in our state seeking private medical care via Medicare, Medicaid, Tricare and other federally funded programs are additionally taxed with the financial burden of the GET. The alternative is that the healthcare provider is forced to pay the tax, and as a consequence many private healthcare providers are refusing to accept these patients into their practices, contributing to inadequate care and poor outcomes due to long waits to see the providers who do accept these patients. In the long run this actually costs the state more money as delays in healthcare result in increased severity of illness and poor outcomes.

Please draft appropriate amendments to immediately exempt all licensed Healthcare services from the GET.

Thank you for your attention and consideration. I truly hope you will do the right thing by your constituents and eliminate this onerous tax on healthcare services and providers.

With Aloha,
Joy Kaaz
Retired Registered Nurse
Maui Resident

HB-1675-HD-1

Submitted on: 3/18/2024 3:46:57 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Laeton J Pang	Individual	Support	Written Testimony Only

Comments:

As a practicing physician in Hawai'i since 1994, I'm writing in support of this bill. I favor more comprehensive GET reform exempting all gross medical income from the general excise tax which is one of several contributing factors to Hawai'i's medical provider shortage. The GET tax exemption on gross medical income needs to be extended to specialists as well since it prevents oncologists and other specialists from being able to sustain their practices and robs patients of access and continuity of care.

Patient access, quality of care, and healthcare outcomes are all in jeopardy and reflects poorly on our state which championed nearly universal health care coverage. Hawai'i has fallen behind the times. A healthcare crisis is already upon us on the neighbor islands affecting one-third of our population, and is starting to impact Oahu as well.

The Hawai'i State Department of Taxation has stated that it believes providers can pass along the tax to our patients. This premise is patently illegal, places the provider in jeopardy with federal law and may invite federal inquiry on state tax policy. Making a cancer patient with private insurance pay the GET tax only adds to the enormous stress they are already undergoing.

Tuition waivers while helpful to recruit new providers are not a long-term solution if not coupled with measures to address the other underlying causes of why providers are closing their practices and moving to the mainland.

Laeton J Pang, MD, MPH, FACR, FACRO, FACCC, FASTRO

HB-1675-HD-1

Submitted on: 3/18/2024 4:11:49 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Victor K. Ramos	Individual	Support	Written Testimony Only

Comments:

I support the passage of this bill. It's become very difficult finding a doctor, now more than ever. This is particularly more noticable in Maui County (Maui, Lana'i, Moloka'i).

HB-1675-HD-1

Submitted on: 3/18/2024 4:32:01 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Margarita Bradford	Individual	Support	Written Testimony Only

Comments:

To: Senator San Buenaventura and Senator Jarrett Keohokalole,

I am a speech-language pathologist and owner of The Speech Hale, a speech therapy private practice on Oahu, and I am writing in **support** of SBHB1675 **WITH AMENDMENT**, to expand the bill to skilled allied health professionals.

The vast majority of speech therapy provided for pediatrics in the state of Hawai'i is through private clinics. These private clinics, like the primary care providers in this bill, are also charged GET on 100% of income with no deductions for business operations allowed. It is illegal for us to pass this GET tax on to our patients for the majority of insurance plans, such as Medicare, Medicaid, Tricare and Kaiser.

As you know, we are in a healthcare crisis, with speech therapy waitlists for up to 5 months. The GET tax on the private clinics adds to the financial burden along with 3.4% reimbursement cuts that Speech-Language Pathologists and Audiologists have endured over the past several years. Many clinics are not surviving and adding to the crisis of timely services.

We request that you consider passing this bill **with the amendment to ADD state-licensed allied health professionals**, in order to assist our small local businesses to survive and provide the much needed care to our community.

Thank you for your time and consideration.

Sincerely,

Margarita Bradford, M.A. CCC-SLP

mbslp@thespeechhale.com

HB-1675-HD-1

Submitted on: 3/18/2024 5:29:42 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cynthia Capone	Individual	Support	Written Testimony Only

Comments:

To: Senator San Buenaventura and Senator Jarrett Keohokalole

Hello, I am Cynthia Capone - A Speech Language Pathologist seeking to start a private practice in the near future here in Hawaii. I am writing in **support** of SBHB1675 **WITH AMENDMENT**, to expand the bill to skilled allied health professionals.

The vast majority of speech therapy provided for pediatrics in the state of Hawai'i is through private clinics. These private clinics, like the primary care providers in this bill, are also charged GET on 100% of income with no deductions for business operations allowed. It is illegal for us to pass this GET tax on to our patients for the majority of insurance plans, such as Medicare, Medicaid, Tricare and Kaiser, which adds yet another expense on our businesses.

As you know, we are in a healthcare crisis, with speech therapy waitlists for up to 5 months. The GET tax on the private clinics adds to the financial burden along with 3.4% reimbursement cuts that Speech-Language Pathologists and Audiologists have endured over the past several years. Many clinics are not surviving and adding to the crisis of timely services.

We request that you consider passing this bill **with the amendment to ADD state-licensed allied health professionals**, in order to assist our small local businesses to survive and provide the much needed care to our community.

Thank you for your time and consideration.

Sincerely,

Cynthia Capone, MA. CCC-SLP
Select Speech Services, LLC
808-953-9401

SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES

Senator Joy A. San Buenaventura, Chair

Senator Henry J.C. Aquino, Vice Chair

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair

Senator Carol Fukunaga, Vice Chair

DATE: March 20, 2024

FROM: MARTHA WIEDMAN, M.D

RE HB 1675 HD1- General Excise Tax; Exemption; Medical Services; Physicians; Advanced Practice Registered Nurses

Position: Support

The general excise tax purports to tax medical and dental providers and APRNS, who may then pass on this cost to their consumers, Hawaiian patients with multiple, often chronic diseases who are often indigent. Often the most severely affected patients are already less able to pay due to disability, advanced age or job loss. The health care provider who has reduced reimbursement from CMS has the undesirable choice to either deny service to his patients or to reduce his hours, close his business or relocate to the mainland to maintain a viable practice.

Hawaii already suffers a dire lack of healthcare providers, the most in the United States, predominantly primary care physicians, as well as specialists. This lack of care puts all patients in jeopardy, as was particularly evident during the Covid 19 pandemic and the Lahaina fire. The lack of care delays diagnosis and treatment and increases the use of emergency department services, which, in turn boosts patient costs. The cost to the providers dissuades new physicians from moving to Hawaii and augments the severe physician shortage.

The burden of the general excise tax unfairly targets patients and the primary care physicians and APRNS who treat them and severely reduces Hawaii's chances for economic recovery. Please support this exemption to reduce the unfair burden to Hawaii's patients.

Sincerely,

Martha Wiedman, M.D.

HB-1675-HD-1

Submitted on: 3/18/2024 7:32:12 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Consuelo Apolo-Gonsalves	Individual	Support	Written Testimony Only

Comments:

I support all our physicians

HB-1675-HD-1

Submitted on: 3/18/2024 10:13:50 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Robin Martin	Individual	Support	Written Testimony Only

Comments:

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

My name is Dr. Robin Martin, I am a board certified psychiatrist who trained and now practice in Honolulu, and am also assistant clinical faculty with the Department of Psychiatry at UH/ JABSOM Medical School, and I am **in strong support of HB1675.**

Hawaii is underserved in almost every medical specialty which is in no small part because of the high cost of living, the relatively low reimbursement rate for medical services, and the tax code, making it harder to retain primary care and new physicians with large debt burdens. The reimbursement rates for medicare/ medicaid in particular make it difficult to make a living serving this population in Hawaii. This bill would make Hawaii more competitive in physician recruitment and retention, and increase access to quality medical care in Hawaii for those who need it most.

Please support this bill.

Dr. Robin Martin

HB-1675-HD-1

Submitted on: 3/19/2024 12:15:12 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Barbara Shimei	Individual	Support	Written Testimony Only

Comments:

IN SUPPORT

HB-1675-HD-1

Submitted on: 3/19/2024 4:20:33 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Megan Fienhold	Individual	Support	Written Testimony Only

Comments:

To: Senator San Buenaventura and Senator Jarrett Keohokalole

Aloha. My name is Megan Fienhold and I am a speech-language pathologist in pediatric private practice. I am writing in **support** of SBHB1675 **WITH AMENDMENT**, to expand the bill to skilled allied health professionals.

The vast majority of speech therapy provided for pediatrics in the state of Hawai'i is through private clinics. These private clinics, like the primary care providers in this bill, are also charged GET on 100% of income with no deductions for business operations allowed. It is illegal for us to pass this GET tax on to our patients for the majority of insurance plans, such as Medicare, Medicaid, Tricare and Kaiser.

As you know, we are in a healthcare crisis, with speech therapy waitlists for up to 5 months. The GET tax on the private clinics adds to the financial burden along with 3.4% reimbursement cuts that Speech-Language Pathologists and Audiologists have endured over the past several years. Many clinics are not surviving and adding to the crisis of timely services.

We request that you consider passing this bill **with the amendment to ADD state-licensed allied health professionals**, in order to assist our small local businesses to survive and provide the much needed care to our community.

Thank you for your time and consideration.

Respectfully,

Megan Fienhold, M.S. CCC-SLP

Speech-Language Pathologist

keikicommunication@gmail.com

HB-1675-HD-1

Submitted on: 3/19/2024 5:16:47 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Richard Lee	Individual	Support	Written Testimony Only

Comments:

As a practicing physician in Hawai'i since 2013, I'm writing in support of this bill. I favor more comprehensive GET reform exempting all gross medical income from the general excise tax which is one of several contributing factors to Hawai'i's medical provider shortage. The GET tax exemption on gross medical income needs to be extended to specialists as well since it prevents oncologists and other specialists from being able to sustain their practices and robs patients of access and continuity of care.

Patient access, quality of care, and healthcare outcomes are all in jeopardy and reflects poorly on our state which championed nearly universal health care coverage. Hawai'i has fallen behind the times. A healthcare crisis is already upon us on the neighbor islands affecting one-third of our population, and is starting to impact Oahu as well.

The Hawai'i State Department of Taxation has stated that it believes providers can pass along the tax to our patients. This premise is patently illegal, places the provider in jeopardy with federal law and may invite federal inquiry on state tax policy. Making a cancer patient with private insurance pay the GET tax only adds to the enormous stress they are already undergoing.

Tuition waivers while helpful to recruit new providers are not a long-term solution if not coupled with measures to address the other underlying causes of why providers are closing their practices and moving to the mainland.

Please feel free to contact me if you need further information from me.

Thank you so much.

Dr. Richard Lee

HB-1675-HD-1

Submitted on: 3/19/2024 5:40:56 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Beth Ananda-Stout	Individual	Support	Written Testimony Only

Comments:

Beth Ananda-Stout PhD APRN

This testimony is in support of HB 1675.

I live on the Big Island and have resided in the state of Hawai‘i since 1980. Over the years I have been both a recipient of care and provided care for our residents. As an APRN on the Big Island, I serve a predominantly Medicaid/Quest population, currently in psychiatry including psychotropic medication management, psychotherapy and care coordination with other services within the state. In psychiatry alone, there are only several psychiatry clinicians available on-island, and an insufficient number overall for the state.

As you are likely fully aware from both personal experience as well as from studies that have been reviewed, Hawai‘i has a severe shortage of healthcare providers. The shortage is replete on the neighbor islands, with Hawai‘i Island having a shortage of at least 40%, with a population with complex medical and psychosocial issues. Psychiatric care is abysmally insufficient for a population that is not only growing, but due to various impingements both economically and socially as well as due to post-covid challenges, has even more psychiatric needs in terms of outpatient care.

Medical/APRN practices, including primary and so-called specialty care (who also find themselves serving/coordinating patients' general care needs) are particularly under considerable stress to substantively endure due to the intensity of patient needs, rising costs, falling reimbursements from medical insurance, and the deficiencies in securing insurer payments. As compared to other states, Hawai‘i uniquely taxes health care services with the General Excise tax which is passed on to the clinician practice rather than the patient. This raises the obligation of taxation for gross revenues, even when the practice either functions under a deficit or barely breaks even for fully providing healthcare services. While Hawai‘i has one of the highest costs of living in the nation, the reimbursement through insurance is one of the lowest. In addition, the patient population, for example, on Hawai‘i Island, has predominantly a Medicaid or Medicare insurance, again, with low reimbursement. Furthermore, Hawai‘i is the ONLY state in the nation to tax the Federal health insurance programs Medicare, Medicaid (Quest) and Tri-Care (military), which combined is 50% of all people in our state. By federal law, this 4.7% GET tax cannot be passed on to patients. When considering net income, the impact of a 4.7% GET on practice gross receipts is a far greater consequence to net income. This is a financial reality that

erodes medical/health practice and contributes to the further erosion of a robust health care system in Hawai‘i.

Please help foster well developed medical practices in Hawai‘i by supporting HB 1675.

Beth Ananda-Stout PhD APRN (PMHCNS, FNP, CNM)

HB-1675-HD-1

Submitted on: 3/19/2024 6:12:26 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lorene Ng	Individual	Support	Written Testimony Only

Comments:

Support this bill to help physician continue to provide quality care for the community.

ALISTAIR W BAIROS, MD

General Surgery, Wound Care Specialist
Offices in Kamuela and Kealahou

PO Box 670
Kealahou, Hawai'i 96750
Cell: 808.960.3383
Fax: 808.900.3381

House Committee on Health and Human Services
Chair Joy Buenaventura
Vice-Chair Henry Aquino
And Committee Members

House Committee on Commerce and Consumer Protection
Chairs Jarrett Keohokalole
Vice-Chairs Carol Fukunaga

H.B. 1675 HD1 Relating to the GET

Testimony of Alistair Bairos, M.D.
Country Surgeon

Wednesday, March 20, 2024
1:00 PM

Position: SUPPORT

Why?: because it's PONO!

The rationale for supporting this proposed legislation has been presented to, and unanimously passed by, numerous committees; I will not repeat the long, long list here.

Suffice to say that this legislation, if appropriately amended to include ALL healthcare practitioners, will directly and immediately enhance the lives and health of Hawai'i's residents by increasing their ability to access healthcare – quite simply, being able to see a doctor! What a concept.

Please pass this bill, with the noted amendment. Level the playing field, vote in favor of removing the GET tax for ALL healthcare practitioners.

Mahalo, and aloha,

Ali Bairos, MD

Alistair W Bairos, MD, CWSP, FACCWS

President

American Board of Wound Management

1800 M Street, NW | Suite 400S | Washington, DC 20036

Phone: 202.457.8408 | Fax: 202.530.0659 | Cell: 808.960.3383

alibaba@hawaii.rr.com | www.abwmcertified.org

Signed electronically 03/20/2024, 07:17:34AM

HB-1675-HD-1

Submitted on: 3/19/2024 7:39:42 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Joey Kohatsu	Individual	Support	Written Testimony Only

Comments:

I am in STRONG SUPPORT of HB 1675.

Access to primary care is an issue across our State but especially on the Neighbor Islands.

Independent (private) practices continue to deliver services to a significant portion of our community. Those in independent (private) practice are asked to pay the state 4% GET plus county surcharge.

Medical services rendered at a "non-profit" hospital based system are already exempt from the GET. There is also precedent where other industries have been afforded an industry specific GET exemption (example: aircraft maintenance and leasing).

A GET exemption would be a welcome lift for the independent practices in our State to combat ever increasing overhead costs and low reimbursement rates. I am hopeful that this legislation will be another key step in addressing the provider shortage in our community.

Thank you for this opportunity to submit written testimony in **STRONG SUPPORT of HB 1675.**

Joey Y. Kohatsu, M.D.

Primary Care Physician- Internal Medicine and Geriatric Medicine

Solo private practice

Honolulu, Hawaii

HB-1675-HD-1

Submitted on: 3/19/2024 9:21:10 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
PAMELA SUMMERS	Individual	Support	Written Testimony Only

Comments:

I support HB1675 HD1. Even with good Medical & Dental Insurance, you end up having to find a way to pay taxes on necessary Medical, Dental, Labs, Eye care, Medical supplies, etc. This is a tremendous burden on Families, Kupuna & other struggling individuals in Hawai'i. These cost have been a burden even before the economy we find ourselves in today. Please pass this sooner than later for all of us. Mahalo

HB-1675-HD-1

Submitted on: 3/19/2024 8:26:57 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Thomas H Joslyn	Individual	Support	Written Testimony Only

Comments:

This is a great bill and I encourage the legislature to pass this bill. It is the smart thing to do if Hawaii wishes to continue to keep and recruit qualified Healthcare providers to the state. Please eliminate the GET tax for these professionals. Thank you for your consideration.

HB-1675-HD-1

Submitted on: 3/19/2024 9:31:24 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Bethan Pualani Baptista	Individual	Support	Written Testimony Only

Comments:

Aloha Legislators,

I humbly ask for your support on this bill. I support this bill that reduces the cost of medical expenses and increase my ability to afford medical care. This is just one of the ways you can protect our right to affordable health care. Further, this is the most effective way I can address this issue hoping for your support.

Mahalo Nui,

Bethan Pualani Baptista

HB-1675-HD-1

Submitted on: 3/19/2024 9:32:10 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Avery Olson	Individual	Support	Written Testimony Only

Comments:

Dear Legislators,

Hawaii wants to be known as the only state in the nation for positive, not negative connotations. Being the only state to place General Excise Tax on medical practices is negative. We already suffer a shortage of medical providers, especially in our rural communities. Our people are hurting from this lack of care, and it is directly related to the fact medical practices cannot stay afloat. Practices are closing, and I don't know of anyone who wants to start a new one in the state. I am a young, OBGYN who would like to practice rural. Hawaii offers less pay, but also fewer options of groups to join in rural areas. The groups just cannot stay in business. This is one of the reasons I will not practice in Hawaii after finishing residency training.. and I am not the only one who feels this way. In fact, every one I know who would like to practice in a rural area feels this way.

Please make a step toward sustainable medical care in our rural areas! Support HB1675.

Mahalo,

Avery Olson, MD

HB-1675-HD-1

Submitted on: 3/19/2024 9:34:00 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Pandurangasayi Nuti	Individual	Support	Written Testimony Only

Comments:

I fully support the bill HB1675. It is long overdue. Going one step further, GE tax shall be removed from the essentials such as food and drugs. This will alleviate a fraction of the heavy tax burden faced by the residents. It is time to eliminate waste in areas where possible and use the savings to eliminate tax on the essentials. Majority of the states do not tax the essentials despite being low tax states compared to Hawaii. I end my statement by saying "where there is a will, there is a way".

HB-1675-HD-1

Submitted on: 3/19/2024 10:25:15 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael Cooper	Individual	Support	Written Testimony Only

Comments:

Subject: Letter of Testimony in STRONG SUPPORT of HB1675

Dear Chairpersons and Members of the Senate Committee on Health and Human Services and the Senate Committee on Commerce and Consumer Protection,

My name is Michael Cooper, and I am a resident of Honolulu. I am writing to express my strong support for HB1675, a bill that would provide critical relief to Hawaii residents by exempting primary care services from the General Excise Tax (GET).

Currently, Hawaii is out of step with the rest of the nation as the only state that broadly taxes essential medical services. This places an undue financial burden on individuals and families who are already struggling with the high cost of living in our state. This burden is especially harsh when people are facing health challenges.

Exempting primary care providers from the GET would make healthcare more affordable and accessible. This would promote preventative care, ultimately leading to better long-term health outcomes and less strain on our healthcare system. The passage of HB1675 would send a clear message that Hawaii values the health and well-being of its residents.

Furthermore, this bill would support our struggling local physicians and primary care practices. In a state facing a healthcare professional shortage, taxing medical services is counterproductive. HB1675 would help attract and retain high-quality primary care providers to Hawaii.

I urge you to vote in favor of HB1675, a much-needed improvement for the health and economic well-being of Hawaii's people.

Sincerely,

Michael Cooper

1088 Bishop Street, Honolulu, Hawaii 96813

HB-1675-HD-1

Submitted on: 3/19/2024 10:31:20 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jennifer A Cook	Individual	Support	Written Testimony Only

Comments:

Dear House Committee-

I ask for support of passing an exemption of the GET tax for Primary Healthcare services. I am a Certified Nurse Midwife and Family Nurse Practitioner in Hawaii. Private physicians and Nurse Practitioners should also be exempt from paying the GET when caring for patients and providing healthcare services to Medicaid and Tricare patients.

We have a severe physician and provider shortage here in Hawaii, driving providers to leave the state because of high costs and inability to make a living. Please pass the exemption of the GET tax on. healthcare.

Respectfully,

Jennifer A Cook DNP, CNM, FNPc

MARK A. MONOSCALCO
1910 Ala Moana Blvd., Apt. 40A
Honolulu, HI 96815-1819
(808) 224-4439
mark@monoscalco.com
www.monoscalco.com

March 19, 2024

To: Senate Committee on Health and Human Services and the Senate Committee Commerce and Consumer Protection

Re: Comments in support of HB1675 hd1 — relating to the general excise tax

Aloha,

I would like to offer my enthusiastic support for HB1675 HD1, which would provide a general excise tax exemption for medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider.

Passage of this bill would bring Hawaii into alignment with most states that do not tax medical services. Currently, Hawaii stands alone in imposing taxes on gross receipts from patient co-payments and deductibles, including unique taxes on Medicare and TRICARE.

Nonprofit organizations are not subject to the General Excise Tax (GET), but private healthcare providers are, which means these practitioners pay a 4% GET in addition to any county surcharges.

The imposition of the GET on medical services poses a substantial financial burden on healthcare practices, hindering their ability to prosper in Hawaii.

The GET's application to TRICARE, Medicare, and Medicaid further complicates matters. Legal constraints prevent the transfer of these taxes to TRICARE or Medicare patients, leaving providers to cover these costs. For Medicaid, the choice is between attempting to collect the GET from financially vulnerable patients, which may incur higher costs than the tax itself, or refusing care based on a patient's inability to afford the tax. This situation discourages providers from accepting patients covered by these programs due to the financial strain.

However, HB1675 hd1 proposes a straightforward solution: exempting medical services from the GET. Such an exemption could substantially reduce healthcare costs.

The potential savings from a 4% GET exemption are significant and will ease the financial burden on healthcare providers and potentially address Hawaii's critical physician shortage.

The COVID-19 pandemic has underscored the urgent need to improve healthcare access and address the shortage of medical professionals in Hawaii. While attracting and retaining doctors in Hawaii presents challenges, removing the GET on medical services could offer immediate relief to existing practices and encourage more healthcare professionals to work in the state.

Hawaii already offers GET exemptions to certain industries, such as petroleum refining and agriculture, recognizing their importance. Similarly, exempting medical services from the GET

could be a crucial step towards making healthcare more accessible and affordable, thereby supporting the state's healthcare system and its professionals.

Please vote to approve HB1675 hd1 to moderate healthcare costs and alleviate medical professional shortages. Your vote in favor of this bill will provide a signal that Hawaii is becoming a more viable and appealing location for medical practice.

Thank you for allowing me this opportunity to testify.

A handwritten signature in black ink, reading "Mark A. Monoscalco". The signature is written in a cursive style with a large initial "M".

Mark A. Monoscalco

HB-1675-HD-1

Submitted on: 3/19/2024 11:58:58 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kevin Hedlund	Individual	Support	Written Testimony Only

Comments:

Aloha Your Honor, It is very encouraging when bills like this coming up for a vote. This will lower the cost of health care. Taxing medical services is a travesty. While there are many reasons why this bill is beneficial the bottom line is lower costs to the citizens of this state. Please pass this bill.

Mahalo Kevin Hedlund Hilo

HB-1675-HD-1

Submitted on: 3/19/2024 12:24:43 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Donald Carroll	Individual	Support	Written Testimony Only

Comments:

With the severe doctor shortage on neighboring islands and in rural areas highlights the need for a solution to keep our doctors in Hawaii. I think it would make sense to stop charging the GET on doctor visits. I hope you will vote yes on the bill.

Respectably

Don Carroll

HB-1675-HD-1

Submitted on: 3/19/2024 12:12:15 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Maria	Individual	Support	Written Testimony Only

Comments:

I support this bill in order to improve accessibility of care to underserved populations.

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 1:19:54 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Faith	Individual	Support	Written Testimony Only

Comments:

So many doctors have left Hawaii, the medical care is on life support; PLEASE let there be more incentives to practice medicine in HI, by supporting this bill

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 1:28:45 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Debbie Wyand	Individual	Support	Written Testimony Only

Comments:

Aloha, I strongly support HB 1675. There should be no tax on medical services. Our state is taxed to its limit. This will give some relief to those suffering the most with illnesses. No need to tax the weakest among us. Hawaii has become a place that is no longer affordable and it is time to stop taxing every single thing in our existence, It is way past time to balance the budget and stop runaway unnecessary spending, No medical tax and NO MORE TAXES

March 19, 2024

Testimony in support of HB1675

Chair and committee members,

I support HB1675 as it helps those who are sick, ill or dying by removing their tax burden. These taxes that are applied to those who are most vulnerable and many are in their senior years and usually when someone is ill they are not working. Eliminating taxes would be very helpful to these citizens of our state.

Respectfully submitted,

Signe Godfrey

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 1:54:46 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lesha Mathes	Individual	Support	Written Testimony Only

Comments:

I support this measure. I feel it will help our physician issues and simplify things.

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 1:55:13 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Julie A Carter	Individual	Support	Written Testimony Only

Comments:

Working families in Hawaii are having a hard enough time making ends meet, and taxing medical services is making things harder for people in Hawaii. Getting sick or injured can put a huge financial strain on people, and adding taxes to MD bills only increases that strain.

Please stop taxing all medical services in Hawaii.

Mahalo for you consideration

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 2:33:04 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Marianne Martin	Individual	Support	Written Testimony Only

Comments:

We have lost so many residents of Hawaii due to the high cost of living, shortage of affordable housing. This little step of removing the tax from our medical costs would help out. We need every bit of help we can get including a revision to the Jone's Act!

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 3:08:10 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Bruce L Hultgren	Individual	Support	Written Testimony Only

Comments:

Please support this bill and pass it. This is at least some help for Doctors and other Providers, and it will lower health costs to patients a bit.

It is surprising that Hawaii treats its citizens this way, when virtually no other states tax medical care.

Respectfully,

Bruce L Hultgren MD

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 3:15:55 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lyna Morimoto	Individual	Support	Written Testimony Only

Comments:

I support HB 1675 because I've been a caregiver for both parent and understand what's involved.

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 3:24:00 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Nelson Nakamitsu	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice-Chairs Kitagawa and Committee Members,

I would like to offer my **support** for [HB1675 HD1](#), which would provide a general excise tax exemption for medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider.

With this bill, the Legislature would bring Hawaii into the mainstream of states that do not tax medical services.

At present, Hawaii is the only state to tax gross receipts on patient copayments and deductibles, as well as the only state to tax Medicare and TRICARE.

Nonprofit facilities are currently exempt from the GET, but private practice physicians are not. Thus, private practice doctors and clinics must pay the state's 4% GET plus any county surcharge.

As the Grassroot Institute explains in its report, "[The case for exempting medical services from Hawaii's general excise tax](#)," the GET is a significant expense for doctor offices, making it difficult for such practices to thrive in our state.

A further problem comes with the application of the GET to TRICARE, Medicare and Medicaid beneficiaries. As explained in the Grassroot report, the GET cannot legally be passed on to TRICARE or Medicare patients, which forces doctors to absorb those costs entirely.

Similarly, in the case of Medicaid, doctors must either pursue an indigent patient for their share of the GET, which may result in higher administrative costs than can be recouped, or deny service based on the patient's inability to pay the tax.

Under the circumstances, many private practice doctors consider it impossible to pass the tax on to Medicaid patients as well.

The result is that physicians are either disincentivized from treating Medicare, Medicaid and TRICARE patients or forced to absorb the GET for those patients.

Fortunately, there is a simple and effective solution, as described in this bill: creating a GET exemption for medical services.

Separate research from the Grassroot Institute of Hawaii found that exempting medical services from the excise tax would help make healthcare more affordable in Hawaii for both doctors and residents.

Healthcare spending for medical services in Hawaii totals about \$9 billion a year, of which the for-profit private sector accounts for \$5 billion. An exemption from the state's 4% GET would save private, for-profit medical providers approximately \$200 million. Waiving the GET surcharges imposed by the counties would save an additional \$22 million more. Together, these actions would result in substantial savings for individual practices.

According to the Grassroot study, the savings from that base 4% GET exemption would be about \$5,275 each for the approximately 38,000 full-time workers in the medical industry. That's the equivalent to 6.7% of the average medical service worker's wage and 5.8% of current GET collections.

There are other possible benefits to this exemption. It would help reduce the cost of medical care for Hawaii residents and likely help alleviate the state's doctor shortage.

The most recent report from the Hawaii Physician Workforce Assessment Project estimates that the state has an unmet need for 757 full-time equivalent physicians. The largest area of need is in primary care, but there are significant shortages across multiple specialties.

The COVID-19 crisis helped emphasize the importance of improving healthcare access in Hawaii. It also demonstrated that we must pursue multiple strategies to address the shortage of healthcare professionals in the state.

Luring new doctors to Hawaii — and keeping those who are already here — is a complicated proposition. Many proposals would take years to demonstrate success in addressing the issue.

In the meantime, Hawaii residents will continue to suffer from the shortage of available medical professionals and the high cost of healthcare in our state.

It is hard to know exactly how beneficial a GET exemption for medical services would be, but it would at least remove a major burden for existing local practices. If this bill encourages more doctors and clinics to stay in the state or keep practicing, it will have accomplished its goal.

It is common practice for the state to use GET exemptions to encourage or aid certain industries. Already, Hawaii exempts petroleum refining, aircraft maintenance and leasing, and orchards from the GET. We think healthcare is at least as important as any of those industries, if not more so, and we hope that the members of this committee think so too.

State policymakers are rightly concerned with making healthcare more affordable and addressing the shortage of medical professionals in Hawaii. By creating a general excise tax exemption for

medical services, there is an opportunity to make Hawaii a more attractive — and less expensive — place to practice medicine.

Thank you for the opportunity to testify.

Nelson Nakamitsu

HB-1675-HD-1

Submitted on: 3/19/2024 3:54:04 PM

Testimony for HHS on 3/20/2024 1:00:00 PM



Submitted By	Organization	Testifier Position	Testify
Donna Ambrose	Individual	Support	Written Testimony Only

Comments:

Given the difficulties attracting and retaining medical professionals in Hawai'i, removing the GET from private practice physicians would be a good start. Billing patients for GET, which isn't covered by insurance, adds to doctors' administrative costs. In the end they may not be able to collect and must absorb the cost. Please pass HB1675 to give them some breathing room and enhance medical care in the islands. Mahalo, Donna Ambrose

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 4:12:43 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
adele rugg	Individual	Support	Written Testimony Only

Comments:

Aloha ..

i humbly ask that you SUPPORT House Bill No. 1675 ..

mahalo nui loa ..

adele rugg - Kihei, Maui

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 4:26:24 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Diane Poche	Individual	Support	Written Testimony Only

Comments:

ANY tax levied upon medical care or foodstuffs is cruel and must come to term now.

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 4:46:01 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Bob Grossmann, PhD	Individual	Support	Written Testimony Only

Comments:

It's time! Getting an appointment for medical care is taking longer with the provider shortages.

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 5:30:28 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Veronica Gail Kawananaoka	Individual	Support	Written Testimony Only

Comments:

It is common practice for the state to use GET exemptions to encourage or aid certain industries. Already, Hawaii exempts petroleum refining, aircraft maintenance and leasing, and orchards from the GET. We think healthcare is at least as important as any of those industries, if not more so, and we hope that the members of this committee think so too.

State policymakers are rightly concerned with making healthcare more affordable and addressing the shortage of medical professionals in Hawaii. By creating a general excise tax exemption for medical services, there is an opportunity to make Hawaii a more attractive — and less expensive — place to practice medicine.

Thank you for the opportunity to testify.

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 5:52:56 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Marian Hawkins	Individual	Support	Written Testimony Only

Comments:

I am in support of HB1675 HDI. Please provide a general excise tax exemption for medical services provided by physicians, registered nurses and physicians assistants. We desperately need to retain our medical personnel by any means possible. Why is Hawaii the only state that taxes Medicare and patient co-payments? Please earnestly consider passing this bill.

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 6:41:00 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cheryl Rzonca	Individual	Support	Written Testimony Only

Comments:

I support removing the sales tax from doctor visits.

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 9:09:13 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Nancy Yang	Individual	Support	Written Testimony Only

Comments:

I'm an OBGYN in Hawaii and I support this bill

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 9:20:30 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Stephen T Hazam	Individual	Support	Written Testimony Only

Comments:

Please SUPPORT HB1675 HD1

Why are we adding to the cost of medical services by taxing primary care services via GET? We should be encouraging people to obtain primary care services rather than erecting obstacles. We should also be supporting healthcare professionals rather than driving them out of Hawaii where we already have critical shortages. This is insane! How many other states tax primary care services.

Please SUPPORT HB1675 HD1

Respectfully,

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 10:08:07 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Renee Dieperink	Individual	Support	Written Testimony Only

Comments:

I fully support HB1675.

Medical care should not be taxed!

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 11:29:06 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Patricia de Los Santos	Individual	Support	Written Testimony Only

Comments:

I am in support of this bill that will exempt primary care services from the GET.

Residents already pay high taxes in this state and having medical care included in The GET puts even more financial strain on those that need help the most financially.

Our government sponsored plans like Medicare and Tricare should not have a tax. Many times the tax is absorbed by the physician who is already struggling under minimal reimbursement by insurers. This extra burden should not be placed on our doctors. Hawaii already has a severe shortage of primary care physicians. Continuing this tax on medical care may make the shortage worse.

LATE

HB-1675-HD-1

Submitted on: 3/19/2024 11:49:14 PM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Karen Luke	Individual	Support	Written Testimony Only

Comments:

I support HB1675 to exemp primary care services from GET. Medical care is one of those circumstances in life that can throw your finances to the wind. Illness can affect anyone.

Please support HB1675.

Mahalo,

Karen in Ewa Beach

LATE

To: Hawaii State Legislation

From : Marie E. Aguilar

P. O. Box 1874

Kailua Kona Hawai`i 96745

Re: H.B. 1675

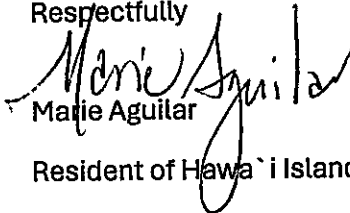
I support HB 1675, which will discontinue having GET for Physician billing to patients. The GET does not work for patients who need medical care and medical treatment services.

Please know that GET burdens our residents with this tax on medical services. It cannot continue, as it affects everyone, and our economy needs to flourish for all residents.

I am a resident who has paid a high percentage of my income on medical bills in the last few years. Please support HB 1675.

Mahalo

Respectfully


Marie Aguilar

Resident of Hawai`i Island

And

LATE

HB-1675-HD-1

Submitted on: 3/20/2024 6:49:53 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ricardo Molero Bravo	Individual	Support	Written Testimony Only

Comments:

I am an ObGyn in the community. I believe that passing of this bill will help alleviate the physician shortage on our State.

Ricardo A. Molero Bravo, MD

LATE

HB-1675-HD-1

Submitted on: 3/20/2024 7:12:58 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Charlene Dierking	Individual	Support	Written Testimony Only

Comments:

Pass this bill.

Thank you.

LATE

HB-1675-HD-1

Submitted on: 3/20/2024 8:15:46 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Veronica Crass	Individual	Support	Written Testimony Only

Comments:

As a healthcare provider, exempting primary care services from the GET which will allow many local residents to be more open to receiving health care, as they will no longer be taxed when they get sick and need to see a doctor. The added GET provides a boundary to necessary care for our local residents. I support HB1675 and with this bill, the Legislature would bring Hawaii into the mainstream of states that do not tax medical services.

LATE

HB-1675-HD-1

Submitted on: 3/20/2024 9:04:50 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Diann Karin Lynn	Individual	Support	Written Testimony Only

Comments:

I strongly support this bill to get rid of the state general excise tax for medical care.



Subject: HB 1675 HD1 – Comments

To the Honorable Committee Members,

Thank you for the opportunity to offer comments on HB 1675 HD1. The Hawai'i Counselors Association (HCA) is the professional association for counselors and counselors-in-training. Our membership includes mental health counselors, counseling students, and other mental health providers. The HCA Executive Board respectfully offers comments on HB 1675.

While the bill offers some tax relief for healthcare providers, it limits potential benefits while also financially burdening small private practices and single-member LLCs that provide crucial mental health and well care to our community. Many small practices and single-member LLCs provide the a bulk of services to Medicare, Medicaid, and TRICARE, which compensate at a lower rate. Passing on tax to customers for services is common practice in business and other service industries; however, if done by a healthcare provider for patients with federally and state-funded healthcare, the provider may be subject to criminal penalties. Contrary to the statements offered in the last hearing of this bill, rates for services provided to MedQuet, Medicare, and Medicaid patients are non-negotiable, and costs cannot be passed on to this patient, nor should they be. Patients who receive state and federally-funded healthcare are our most disadvantaged and marginalized populations. It would be inequitable, unjust, and illegal to pass on GE Tax costs to them.

The cost of living is a major factor in training and retaining healthcare providers, and Hawai'i is already unsustainable for many. Healthcare providers are leaving Hawai'i for opportunities in the continental United States, where it is cheaper to live, and their services are valued and incentivized. Most states do not have a broad tax on the delivery of medical and healthcare-related services, and Hawai'i is one of only two states that does. Exempting healthcare providers from GE tax would level inconsistencies in compenstation from government-funded healthcare programs and promote equity in healthcare services. This is particularly important as there is a rise in enrollment in federally and state-funded healthcare programs. In 2022, the Star-Advertiser reported that Hawai'i Medicaid enrollment was up 40% since the start of the pandemic. Excluding mental health professionals and other specialty healthcare providers from being GE tax exemption puts our marginalized community at a disadvantage as providers may find it more financially sustainable to service clients who are not utilizing Medicare, Medicaid, and TRICARE, thus making it harder for individuals who are enrolled in federal and state-supported healthcare programs to obtain quality healthcare.

Amending HB1675 to exempt mental health professionals and other specialist healthcare providers from the GE tax would not only demonstrate and uphold the value of healthcare and the well-being of our residents and community but also have a reaching impact and offer support to providers so they can remain in Hawai'i and serve our community. This is crucial in addressing the critical shortage of healthcare providers in our state, a problem that needs immediate attention and action. Addressing the shortfall of medical and mental health providers dedicated to serving our vulnerable populations is essential to early detection and treatment of medical and mental health issues. To maximize the benefits and true intent of the bill, the GE tax exemption should apply to specialty services beyond primary care.

Thank you for your time and consideration, and for the opportunity to offer comments on HB 1675 HD1.

Sincerely,

Christine M Park, PhD, LMHC, REAT, NCC
President, Hawai'i Counselors Association

HB-1675-HD-1

Submitted on: 3/16/2024 5:37:47 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Rachel Ebert	Individual	Comments	Written Testimony Only

Comments:

Please add all professionals! As an LCSW it is an added burden to support the most vulnerable populations and be charged this tax. Thank you

HB-1675-HD-1

Submitted on: 3/18/2024 11:21:54 AM

Testimony for HHS on 3/20/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Rami Donahoe	Individual	Oppose	Written Testimony Only

Comments:

LMHC are in short supply and we are constantly reminded of this shortage accross America and on my island. Please see this link <https://www.khon2.com/top-stories/experts-call-for-mental-health-services-on-kauai/>

People need mental health counseling and as the cost of living goes higher and higher Licensed Mental Health Counselors leave our island. This tax does not help Hawaii keep its mental health practitioners here and obtainable on our islands. This tax also attempts to tax the LMHC 2 times. We want to help others and practice here. Do you really want counseling for our people to be more difficult to obtain? I oppose this bill.