



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

COMMITTEE ON COMMERCE & CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

OFFICERS 2022-2024

Rhea Bautista, MD
Executive Director

Executive Committee
Lyla Cachola Prather, MD
President, CME Chair

Rainier Bautista, MD
President-Elect, CME Chair

Maria "Marel" Ver, MD
Immediate Past-President

Elizabeth Quinn, MD
Secretary, Mentorship

J Gary Dela Cruz, MD
Treasurer, Membership

Board of Governors:
Melissa Natavio, MD

CME, Education

Jerald Garcia, MD
Perks

Noelani Coreen Hobbs, MD
MDWeekend Co-chair

Kahealani Rivera, MD
CME Chair

Ross Simafranca, MD
Membership

Presidents of Affiliates:

Jay Flores, DPT
B C W W

Hazel Abinsay, MD
PMAH Foundation

Ian Guerrero, MD
Ohana Medical Missions

THE SENATE COMMITTEE ON WAYS & MEANS

Senator Donovan Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

From: THE PHILIPPINE MEDICAL ASSOCIATION OF HAWAII

Lyla Cachola Prather, MD – President
Jerald M. Garcia, MD – Legislative Committee Chair

Hearing date – March 1, 2023, conference room 211

RE: SB 1035 D1 – RELATING TO THE GENERAL EXCISE TAX and companion bill HB662 HD1
POSITION: STRONG SUPPORT

On behalf of the members of the Board of Governors, and our membership of approximately 150 Hawaii Physicians, we are writing in strong support of SB 1035 and HB 662. We firmly believe this is a step in the right direction in helping our community clinics survive within the difficult economic environment we are faced with currently.

Per HB662, "Hawaii is the only state in the union, that taxes medical services in this way. Hawaii hospitals and their employed physicians are exempt from the GET tax", but for community-based primary care and specialty private practices, the same does not hold true. These practices are still subject to GET tax payments, although their payor/patient base is the same as hospital-based clinics.

We all know that Hawaii is experiencing a significant shortage of physicians. The answer to this is not a stopgap of less expensive, less experienced providers, it is to be able as a state to retain and recruit more trained and experienced physicians to serve our communities. In addition to other measures like loan forgiveness and expansion of health care training programs in Hawaii, exempting community practices from the GET tax is one very important piece needed to encourage physician retention and recruitment so that community physicians can afford to stay in practice, and offer opportunities for other physicians to join us in serving our communities.

Of the ~10,000 licensed physicians in Hawaii, approximately 4000 are community-based physicians, seeing on average about 22 patients a day. That equates to ~88,000 patients a day, and ~1,760,000 patients a month seen in private practice clinics. These doctors make up the primary healthcare resources serving patients in the suburban & rural communities of Hawaii, including underserved areas on Oahu like the north shore (Wahiawa to Waimanalo) central (Mililani/Waipio/Wahiawa) and west side (Waipahu, Ewa Beach, Kapolei, Nanakuli-Waianae-Maile-Makaha), as well as on our outer islands, where community clinics are often the only option for healthcare. The loss of just 10 community doctors means the delay in care, diagnosis, and treatment for nearly 4500 patients each month.

What does exempting these private practices from the GET tax mean, tangibly? It means that as community physicians, we can afford to hire 2 to 3 new support staff or add other medical providers to our clinics to increase access to care for our patients. For some, especially smaller practices both on Oahu and the neighbor islands, it could mean the difference between keeping our doors open or shutting down for good.

What does this mean for job impact in Hawaii if we continue to lose community physicians? Of the ~4000 private practitioners in Hawaii, each employs an average of 3.5 clinic staff. This means that this sector provides jobs to support 18000+ households in Hawaii. These practices are small businesses, running on tight margins, and dealing with ever-decreasing insurance reimbursements. Not only would passing these measures mean keeping the clinic in the community, the difference made by eliminating the GET tax from this sector can mean the difference between keeping 18000+ workers employed vs further increasing the unemployment rate in Hawaii if these clinics close.

The Philippine Medical Association of Hawaii urges legislators to support a GET exemption for medical services of Medicare, Medicaid and TRICARE providers, as a reasonable and essential step in the future survival and sustainability of our Hawaii healthcare.

Thank you for allowing PMAH to testify in support of this measure and for your kind consideration.

Respectfully yours,

Lyla Cachola Prather, MD
Cachola Medical Clinic, LLC
President & Continuing Medical Education Event Chair
Philippine Medical Association of Hawaii

Jerald M. Garcia, MD
HiPain - Hawaii Institute for Pain
Legislative Committee Chair, Board of Governors
Philippine Medical Association of Hawaii

Sources:

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

<https://stateofreform.com/news/hawaii/2020/02/bill-to-exempt-primary-care-providers-from-general-excise-tax-moves-forward/#:~:text=According%20to%20the%20bill%E2%80%99s%20text%2C%20Hawaii%20is%20the,of%20the%20tax%20can%20be%20difficult%20to%20overcome.>