HB 238

Testimony Presented Before the
HOUSE COMMITTEE ON HIGHER EDUCATION

February 10, 2005

by

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Acting Dean, John A. Burns School of Medicine
University of Hawai`i at Manoa
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Thursday, February 10, 2005
State Capitol, Conference Room 309, 2:20 pm

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RELATING TO TAX CREDITS FOR MEDICAL STUDENT LOANS

Chair Waters, Vice Chair Shimabukuro and Committee members.

On behalf of the John A. Burns School of Medicine (JABSOM), we testify in favor of HB 238 that would provide tax credits for medical students willing to practice after graduation in underserved areas, particularly in the rural areas.

Our strong support is based on the need for practitioners in underserved areas, the high cost of medical education, the significant debt incurred by medical students, and our belief that JABSOM’s graduates will take advantage of this benefit.

Not surprisingly, medical school graduates incur tremendous debt. In 2003, the median debt for a student graduating from a public medical school was approximately $100,000 and $130,000 for those graduating from private medical schools. There is concern that the burden of debt may contribute to scarcity of primary care physicians if graduates are forced to enter more lucrative sub-specialty careers, to pay loans. Without primary care physicians, access to medical care will suffer, especially in underserved areas. Furthermore, the high cost of medical education may discourage the best and brightest of our young people to pursue medicine as a career.

In 2004-05, the annual tuition at JABSOM for Hawai`i residents is $15,432 and for non-residents, $29,136. The median tuition for public medical school in the United States is $15,917 per year with the top being
$27,886. For private schools, the median tuition is $33,322 per year. The most expensive school charges $41,360. These prices do not include additional costs such as fees, housing, books, and health insurance. In the last 20 years, cost of medical education has soared by over 300 percent.

Positive programs such as the U.S. National Health Service Corps provide scholarships and stipend for partial debt forgiveness for physicians willing to practice in areas deemed medically underserved. Unfortunately, due to cost, the program is unable to accommodate all who apply.

At the time of graduation, most of JABSOM graduates express their desire to serve the people of Hawai‘i. Approximately one-third of graduates plan to practice in underserved areas. JABSOM graduates believe that everyone is entitled to receive adequate medical care, regardless of the ability to pay. In addition, our graduates are trained and prepared to care for individuals from racial and ethnic backgrounds different from theirs.

A tax credit for loan repayment for physicians willing to practice in underserved areas would benefit these underserved communities and will provide a strong incentive for more physicians to choose to care for those with the greatest need.

Given the problem of providing medical services to Hawai‘i’s medically underserved, particularly in rural areas, we urge you to look favorably on this bill. Passing this legislation will ensure that we are indeed a healthy state and that all of its citizens are cared for by qualified physicians.

Thank you for this opportunity to submit testimony in support of HB 238.