



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Lower and Higher Education
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By

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SB 1404 SD2 - Relating to Loan Repayment For Health Care Professionals

Chair Woodson, Vice Chairs Hashem and Perruso, and members of the committee:

Thank you for this opportunity to testify in **strong support of SB 1404 SD2, together with a request to amend the bill back to its original form.** SB 1404 SD2 permits continuation of the Hawai'i State Loan Repayment program that supports payments of educational debt for physicians, nurse practitioners, physician assistants, psychologists, social workers, marriage and family counselors and nurses who work for non-profit organizations in federally designated health professional shortage areas of Hawai'i or in a geographic area of Hawai'i found to be underserved. This program is made possible through a grant from the federal government but requires a local dollar for dollar state match.

We request that the bill be amended so that the language reverts back to its original form as was reflected in HB 902 which was passed by this Committee.

The John A. Burns School of Medicine (JABSOM) has successfully administered the loan repayment program since 2012 and has effectively partnered with the Department of Health. The current version of the measure imposes additional administrative functions which would not be conducive to the effective, seamless operation of the program. Additionally, under the federal grant, loan repayment recipients are required to work a minimum of two (2) years in an underserved area. SB 1404 SD2 imposes a five (5) year requirement which is inconsistent with the federal program and may create issues with regard to the federal funding. Therefore, we request that the measure be amended per the attached proposed amendment.

Hawai'i has a shortage of just under 800 doctors, and almost all other types of primary care and behavioral healthcare workers. Without these healthcare providers, the people of Hawai'i do not have access to the healthcare they need. The shortage is most acute for those on neighbor islands and those with the least resources. One of the fastest and least expensive methods for recruiting providers is through loan repayment.

The Hawai'i State Loan Repayment program has helped 43 health care providers since its inception in 2012. Currently, the Loan Repayment Program supports 20 providers in Hawai'i. Of the program graduates, almost 2/3 are still practicing in underserved areas of Hawai'i.

In 2016, 64% of JABSOM residents and fellows had a current student loan burden. The average student loan indebtedness of our JABSOM MD residents/fellows is \$235,000, with some residents having loans in the \$300,000-\$600,000 range. These loans, with average minimum monthly payment of \$500, begin repayment while in residency training, in addition to the high cost of living, rent and other living expenses. The high cost of college and medical education results in large student loan debt -- which detracts from physicians choosing primary care specialties and choosing to practice in underserved or rural communities.

If a physician does his or her medical school AND residency (or Graduate Medical Education or GME) training here in Hawai'i, about 80% of them stay in Hawai'i to practice. Having loan repayment options tied to commitments to serve in neighbor island, rural and underserved populations will help to reduce the physician shortages in those areas. The loan repayment program has played an important role in bringing needed physicians and healthcare providers to underserved areas.

Through SB 1404 SD2 we request \$350,000 for loan repayment for the above listed health professions. The funds provided will be matched dollar for dollar from other funding sources and be provided to reduce the debt of our healthcare providers working in areas of need. This will allow for 20 new healthcare providers a year to work in underserved areas across Hawai'i and receive at least \$35,000 a year in loan repayment for practicing at least two years in an area of need.

Thank you for this opportunity to testify.

SB 1404

PROPOSED AMENDMENT

RELATING TO LOAN REPAYMENT FOR HEALTH CARE PROFESSIONALS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that many Hawaii residents are unable to obtain timely and appropriate health care due to shortages of primary health care providers in the State. These shortages not only threaten individual health but also cumulatively affect the State's health care costs. Rural areas of Hawaii, which have been designated by the federal government as medically underserved areas, have been most significantly affected by shortages of primary and behavioral health care providers. Social workers, marriage and family counselors, and nurses are also urgently needed.

In many cases, the increasingly high cost of education for health care professionals binds graduates to a career path that provides sufficient income to repay often exorbitant student loans. These career paths most frequently lead to professional practice in highly specialized areas of care in urban areas rather than in general practice on the neighbor islands or in rural areas, where the need is greatest. The legislature

further finds that counties in the United States with robust primary health care systems have lower costs and improved patient outcomes. Recognizing this correlation, many states have made the policy decision to dedicate public funds to the development of a strong primary health care workforce.

The only loan repayment program currently available in the State is administered by the John A. Burns school of medicine at the University of Hawaii at Manoa. This program leverages private donations to access matching federal funds through the State Loan Repayment Program of the National Health Service Corps of the Department of Health and Human Services. Since September 1, 2012, the loan repayment program has supported forty-two recipients in exchange for work in underserved geographic and practice areas in Hawaii. Currently, health care professionals who have benefited from the loan repayment program serve the communities of Waianae, Hilo, and Wailuku; at health clinics in Kalihi-Palama Health Center, Queen Emma Clinic, and Waikiki Health Center; and in public institutional settings at the Federal Detention Center in Honolulu and the Halawa correctional facility.

The legislature recognizes the considerable public outcomes achieved from the general funds allocated in each year of the 2017-2019 biennium to educate, train, and facilitate health care

professionals to work in underserved areas. At this time, the loan repayment program supports twenty-four providers in Hawaii.

The purpose of this Act is to appropriate funds to the department of health to fund the health care provider loan repayment program administered through the John A. Burns school of medicine to provide loan repayment for physicians, physician assistants, psychologists, nurse practitioners, social workers, marriage and family counselors, and nurses who agree to work in a federally-designated health professional shortage area or in a geographic area of Hawaii found to be underserved.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$350,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for the health care provider loan repayment program; provided that no funds shall be expended unless matched on a dollar-for-dollar basis by funds from a private or another public source.

The sums appropriated shall be expended by the department of health in coordination with the John A. Burns school of medicine at the University of Hawaii at Manoa for the purposes of this Act.

SECTION 3. This Act shall take effect on July 1, 2019.