



COURTESY PHOTOS

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Hawaii has the worst shortage of primary care providers in America. Maui has the worst

significantly worse, with a 41% shortage of doctors on Hawaii island.

This lack of health care professionals is in large part due to low reimbursements from Medicare and local insurance companies, which often do not cover the costs of providing care in our high-cost state.

Hawaii's regressive taxation of health care is a major factor in our access-to-care crisis. Most states do not broadly tax medical services, because the tax burden often falls on those least able to pay it. It is not pono to tax our kupuna if they break a hip, or a family when their child develop leukemia.

Hawaii is the only U.S. state that taxes Medicare, Medicaid and TriCare insurance benefits. The recent increase in Medicaid payments to Medicare levels is a welcome step. But providers often break even or lose money caring for Medicare patients, and the general excise tax (GET) drives many medical practices into the red. Since the GET is on gross income, the actual impact on net income is estimated to be 15-20%.

Until recently, the Hawaii Department of Taxation provided guidance on its website that health care professionals could pass the GET tax on to their Medicare patients. However the federal government considers this to be Medicare fraud.

The Hawaii Senate and every legislative committee that heard key GET exemption bills passed them unanimously in 2020 and 2023. These measures died despite overwhelming support at the Legislature, solely because the House Finance Committee refused to even hold a hearing on these bills.

Providing quality care to our most-vulnerable communities and addressing the widening gaps in health care delivery , especially in rural areas and the neighbor islands depends on private practice clinics, which are independent from large health care systems. Many of these small medical businesses are in serious fiscal jeopardy, in part because of the GET, which jeopardizes both recruitment and retention of health care professionals.

If you wish to keep your primary care doctor or APRN (advanced practice registered nurse), your family's pediatrician or obstetrician, contact your lawmakers and ask them to pass House Bill 2627/Senate Bill 2169 to provide a GET exemption for health care. It is vital that the House Finance chairman, Rep. Kyle Yamashita, be contacted and asked to grant a hearing for this bill for excise tax reform to become a reality.

Financially, the GET on health care makes little fiscal sense. When patients have to pay the GET, they are often ill or injured and are frequently unable to afford it. When health care providers have to pay the GET, many have had to close their practices, retire or leave Hawaii. Hospital and public health clinics are already exempt from the GET.

Soon there will be few providers in private practices remaining in Hawaii left to tax. When health care professionals leave practice, the state loses not only the GET tax revenue but personal and corporate income taxes, property and other taxes.

This is the worst of all possible worlds, with fewer doctors and nurses and less global tax revenue for our state. Hawaii has made significant progress in expanding medical training programs. Now it is critical that medical practices in Hawaii be able to keep caring for their patients, especially on Maui and the neighbor islands.

Dr. Kaohimanu Dang Akiona and Dr. Andrew Kayes are on the Hawaii Provider Shortage Crisis Task Force.