

TO: Councilmember Yuki Lei Sugimura, Chair of the Maui County Council
Budget, Finance, and Economic Development Committee
FROM: Eric Rohozinski
RE: General Excise and Use Tax Surcharge Bill 49
DATE: June 26, 2023

Chair Sugimura, Councilmember Tom Cook, members of the Maui County Council.

My name is Eric Rohozinski, I operate and own Maui Physical Therapy since 1993 and have practiced physical therapy on Maui since 1990. I also set up Rehab Hospital of the Pacific Physical Therapy clinic in Kahului in 1991. In 1993 I married into a wonderful, local family who arrived here in the plantation days of 1890. I have become immersed in the local culture being involved with my wife's family, coaching six-man canoe, soccer, and being a founding member of The Maui one man ski and OC1 club in 1990 (now called Maui Paddling HUI). I have two sons who graduated from Maui High in 2017, now doing post graduate studies in the medical sector. I was part of the Maui Economic Development board for Medical Recruiting for two years to figure how to deal with our inability to recruit medical practitioners to Maui.

I am testifying this evening not in support of the proposed General Excise and Use Tax Surcharge, Bill 49 because of how Hawaii GET has impacted Hawaii's medical practitioners.

With the economic future somewhat cloudy and most working Maui families stretching the dollar to make ends meet in the face of rising costs. Medical services are essential to keep them in the work force to provide for their family, and for the well being of our community.

Frankly, I am here today to educate our council members about my industry. In the hope that they may help our state government get on board since again the Senate Bill 1035 which aims to exempt medical care providers from the state GET for treating patients with Medicare, Medicaid and TRICARE, passed through the Senate unanimously and referred to three House committees – Finance, Health and Homelessness, and Economic Development was tabled to next year. Kyle Yamashita secretary on June 23 2023, she could not clearly say why.

#1. Hawaii is the only state that makes medical practitioners pay out of pocket the 4% GET in the United States. By Law medical providers are not allowed to charge Medicare, Medicaid and TRICARE patients the GET.

#2. Presently the medical practitioner has to pay out of pocket this tax which ends up being an 8% tax having to take the money to pay out of their fees.

#3. In the past 3 years the fee schedule from Medicare has been reduced 9% in the past four years. A further 2% reductions for 2023.

#4. Hawaii, Guam and Alaska are lumped together by Medicare to have the lowest fee schedules in the United States. Other states on the mainland are reimbursed much higher.

#5. When I asked my niece who went to Punahou, who is a practicing medical doctor in Chicago why she did not return to Hawaii. Her answer is simple. She asked me how much GET I paid each month (\$1000) for thirty two years. If I invested that monthly GET money at

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4% and then factored the compoud interest I would have earned \$776,697.61. I know of Pediatrician who has to pay over \$100,000 for liability insurance, they need to bill close to \$2000,000 annually, which make their monthly GET \$6,666.66 which in 32 years is worth \$5,177,978.91. This money can further be invested to provide passive income, work less hard, paid off her student loans and afford to by a nice home. Basically the longer you work in Hawaii you are loosing money.

#6 The GET has really prevented our ability to recruit medical practitioners to the point that our only Doctor (nuerovascular) that can treat acute strokes here on Maui has to go off island and work three to four days of the month on the mainland. In 2017 we had four neurovascular surgeons now we have one. This year I have treated patients who were sent home from Emergency Room at our hospital with severe leg fracture, post surgical total knee replacemnet with post surgical infection, as the hospital has no one available to address their issues

In conclusion GET on health professionals is breaking the industry to the point that there is no consistancy and dependibility in our health care services that our community receives here on Maui.

Hopefully this testimony may lead to a greater understanding by our elected public officials on the burden that GET has on medical services in Hawaii.

Thank you for the opportunity to testify
Eric Rohozinski

