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# A BILL FOR AN ACT

RELATING TO PHYSICIANS.

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

1           SECTION 1. Doctors are critical components of our society,  
2 providing a very important service to everyone in the State, and  
3 it is the job of the legislature to ensure that the State  
4 provides the best quality of life possible for all of its  
5 residents. Addressing the needs and concerns of health care  
6 providers is a key step toward keeping Hawaii healthy.

7           Over the years a number of doctors have retired or left  
8 Hawaii, especially the neighbor islands, citing reasons that  
9 include high medical malpractice insurance rates, low insurance  
10 reimbursement rates, and the high cost of living. Hawaii has  
11 been unable to replace these doctors in a manner that provides  
12 Hawaii residents timely access to adequate health care.

13           Furthermore, in addition to the general shortage of doctors  
14 in Hawaii, many of the remaining physicians are reluctant to  
15 accept and treat medicaid patients, making it even more  
16 difficult for this particular population to receive medical  
17 services on a regular and emergency basis.



1           The purpose of this Act is to address the shortage of  
2 physicians who are willing to accept medicaid patients by  
3 establishing a tax credit for physicians if at least fifteen per  
4 cent of a physician's total patient case load consists of  
5 medicaid patients.

6           SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
7 amended by adding a new section to part III to be appropriately  
8 designated and to read as follows:

9           "§235- Medicaid physician tax credit. (a) There shall  
10 be allowed to each qualified taxpayer subject to the taxes  
11 imposed by this chapter, a medicaid physician tax credit that  
12 shall be applied to the qualified taxpayer's net income tax  
13 liability, if any, imposed by this chapter for the taxable year  
14 in which the credit is properly claimed.

15           (b) The tax credit shall be in an amount equal to  
16 twenty-five per cent of the amount of medical malpractice  
17 insurance premium paid by the qualified taxpayer for the taxable  
18 year in which the credit is properly claimed.

19           (c) As used in this section, "qualified taxpayer" means a  
20 physician licensed under chapter 453; provided that:



1       (1) At least fifteen per cent of the physician's total  
2           patient case load consists of medicaid patients  
3           accepted and treated by the physician; and

4       (2) The physician does not owe the State delinquent taxes,  
5           penalties, or interest.

6       (d) If the tax credit claimed by the qualified taxpayer  
7       under this section exceeds the qualified taxpayer's income tax  
8       liability, the excess of credit over liability shall be refunded  
9       to the qualified taxpayer; provided that the tax credit properly  
10       claimed by a qualified taxpayer who has no income tax liability  
11       shall be paid to the qualified taxpayer; and provided further  
12       that no refunds or payments on account of the tax credit allowed  
13       by this section shall be made for amounts less than \$1.

14       (e) The director of taxation shall prepare forms that may  
15       be necessary to claim a credit under this section, may require  
16       proof of the claim for the tax credit, and may adopt rules  
17       pursuant to chapter 91 necessary to effectuate the purposes of  
18       this section.

19       (f) Claims for the tax credit under this section,  
20       including any amended claims, shall be filed on or before the  
21       end of the twelfth month following the taxable year for which  
22       the credit may be properly claimed."



1 SECTION 3. New statutory material is underscored.

2 SECTION 4. This Act, upon its approval, shall apply to

3 taxable years beginning after December 31, 2010.

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**Report Title:**

Medicaid Physicians; Tax Credit

**Description:**

Establishes a tax credit equal to twenty-five per cent of the amount of medical malpractice insurance premium paid by a physician if at least fifteen per cent of a physician's total patient case load consists of patients on medicaid. (SD1)

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