

HB1476

HD1

Measure Title:
RELATING TO INSURANCE.

Report Title:
Health Insurance Purchasing Pool for Employees without Coverage (\$)

Description:
Authorizes the Insurance Commissioner to administer then transfer to a non-profit agency, a purchasing pool giving employers access to reduced-cost health care coverage for part-time and temporary employees, sole proprietors, and family businesses not covered under the Prepaid Health Care Act. Effective Date July 1, 2020. (HB1476 HD1)

Introducer(s):
GREEN, CHANG, TAKAI, Belatti, Bertram, Rhoads

Current Referral:
HTH/CPH, WAM

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON HEALTH AND
COMMERCE, CONSUMER PROTECTION AND AFFORDABLE HOUSING
ON
HOUSE BILL NO. 1476, H.D. 1

March 19, 2008

RELATING TO INSURANCE

House Bill No. 1476, H.D. 1, proposes to establish the Hawaii health insurance purchasing pool special fund to provide access to health insurance for those ineligible for coverage under Chapter 393, HRS, the Prepaid Health Care Act.

As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the proposed fund meets any of the above criteria.

Testimony of
Frank P. Richardson
Executive Director of Government Relations

Before:
Senate Committee on Health
The Honorable David Y. Ige, Chair
The Honorable Carol Fukunaga, Vice Chair
and
Senate Committee on Commerce, Consumer Protection, and Affordable Housing
The Honorable Russell S. Kokubun, Chair
The Honorable David Y. Ige, Vice Chair

March 19, 2008
1:20 pm
Conference Room 016

HB 1476, HD1 RELATING TO INSURANCE (Hawaii Health Insurance Purchasing Pool)

Chairs, Vice Chairs, and committee members, thank you for this opportunity to provide testimony on HB1476, HD1 which authorizes the Insurance Commissioner to administer, then transfer to a non-profit agency, a purchasing pool giving employers access to reduced-cost health care coverage for part-time and temporary employees, sole proprietors, and family businesses not covered under the Prepaid Health Care Act.

Kaiser Permanente Hawaii provides the following comments on this bill.

Rather than create an entirely new insurance health plan program to be administered by the Insurance Commissioner, with issues and concerns regarding conflict of interest, transfer of administration to a private entity, premium limitations, and adequacy of coverage, it appears that there is a simpler and more efficient measure before the legislature this year in SB2530, SD2 that would accomplish much the same goal of making group health coverage accessible to small businesses and sole proprietors.

SB2530, SD2, itself, poses a risk of higher premiums due to the adverse selection resulting from a voluntary risk pool. However, that bill addresses this concern by requiring that self employed individuals enroll only during periods of enrollment or when they experience a qualifying event, which is the same as group health insurance. It also sets up a system that creates disincentives to drop coverage. These limitations may serve to lessen the impact of adverse selection by self employed individuals. For these reasons, we urge that you consider SB2530, SD2 in place of HB1476, HD1.

Thank you for your consideration.

HMSA



Blue Cross
Blue Shield
of Hawaii

An Independent Licensee of the Blue Cross and Blue Shield Association

March 19, 2008

The Honorable David Ige, Chair
Senate Committee on Health

The Honorable Russell Kokubun, Chair
Senate Committee on Commerce, Consumer Protection, and Affordable Housing

Re: HB 1476 HD1 – Relating to Insurance

Dear Chair Ige, Chair Kokubun and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1476 HD1 which would authorize the Insurance Commissioner (IC) to administer, then transfer to a non-profit agency, a purchasing pool giving employers access to reduced-cost health care coverage for part-time and temporary employees, sole proprietors, and family businesses not covered under the Prepaid Health Care Act.

This measure was introduced in 2007 to provide health care coverage to individuals who do not fall under the Prepaid Health Care Act (PHCA). We believe there are many better measures that are moving along this session to accomplish the goals of HB 1476 HD1. There are more efficient methods for accomplishing this goal rather than having the Insurance Commissioner create and administer a new program.

One measure this session, SB 2530 SD2, would require health plans in the state to offer group health care coverage to sole proprietors. While allowing this group to purchase health care coverage in this fashion poses some risk to local health plans due to adverse selection, this measure contains protections that help to minimize this risk. As such, we believe that SB 2530 SD2 is a more appropriate vehicle to provide coverage to those who do not qualify under PHCA.

Thank you for the opportunity to provide comments on HB 1476 HD1.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jennifer Diesman".

Jennifer Diesman
Assistant Vice President
Government Relations