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TO THE SENATE COMMITTEES ON HEALTH  
AND COMMERCE, CONSUMER PROTECTION, AND AFFORDABLE HOUSING

TWENTY-FOURTH LEGISLATURE  
Regular Session of 2008

Monday, March 17, 2008  
9:00 a.m.

**TESTIMONY ON HOUSE BILL NO. 2224, HD 1 – RELATING TO INSURANCE.**

TO THE HONORABLE DAVID Y. IGE AND RUSSELL S. KOKUBUN, CHAIRS, AND  
MEMBERS OF THE COMMITTEES:

My name is J. P. Schmidt, State Insurance Commissioner (“Commissioner”),  
testifying on behalf of the Department of Commerce and Consumer Affairs  
(“Department”). We support this bill, which provides for guaranteed issue of health  
insurance for part time workers who work at least fifteen hours a week, provided that the  
worker pays the premium.

Part time workers are a significant portion of the uninsured and if they are offered  
insurance and the premium rate is affordable, the number of uninsured may go down.  
Guaranteed issue is nothing new in health insurance. There are substantial guaranteed  
issue requirements for small employers under the Health Insurance Portability and  
Accountability Act.

We commend to this Committee’s attention the Administration bill from last  
session, HB 1320. That bill provides guaranteed issue to part time workers of small  
employers, but also provides guaranteed issue for the approximately 12,000 sole

proprietors in the market. If the Legislature is interested in reducing the numbers of the uninsured, both populations should be addressed.

We thank this Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.

Testimony of Sandra Bunnell  
1723 Noe St  
Honolulu, HI 96819  
Ph: 808-223-7310  
sbunnell@hawaii.edu  
March 13, 2008

TO: Senator David Y. Ige, Chair  
Senator Carol Fukunaga, Vice Chair  
Committee on health  
Senator Russell S. Kokubun, Chair  
Senator David Y. Ige, Vice Chair  
Committee on Commerce, Consumer protection, and Affordable  
Housing

FROM: Sandra Bunnell, BSW  
MSW Student at the University of Hawaii, Manoa

SUBJECT: Support for HB 2224, HD1, Relating to Insurance.

HEARING DATE: Monday, March 17, 2008, 9:00 am, Conference Room 229

Thank you for the opportunity to provide testimony in support of HB 2224, HD1.

According to the *Hawai'i Uninsured Project*

- An estimated 50 percent of Hawaii's uninsured, 58,400 people, are on the job.
- Some businesses avoid paying for health insurance, employing more workers at less than 20 hours per week.

Think of the people of Hawaii with young children, the college students, and the retirees who are too young to collect retirement benefits or qualify for Medicare. Some people are unable to obtain full-time work, and instead have to rely on multiple part-time jobs exceeding 40 hours per week. It is very expensive to live in Hawaii, after paying for rent and food, \$325 per month for an individual HMO plan is just ridiculous, especially if you are part of the groups above.

I sincerely urge the Committee to **PASS** HB 2224, HD1 that requires insurers that offer health care coverage to the regular employees of any group or association to offer the same coverage to part-time employees working at least 15 hours per week.

# HMSA



Blue Cross  
Blue Shield  
of Hawaii

An Independent Licensee of the Blue Cross and Blue Shield Association

March 17, 2008

The Honorable David Ige, Chair  
Senate Committee on Health

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

**Re: HB 2224 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 2224 HD1 which would require health plans that offer health care coverage to the regular employees of any group or association to offer the same coverage to part-time employees working at least 15 hours per week.

This bill seeks to fill a void in the Prepaid Health Care Act (PHCA) by requiring health plans to offer group coverage to employers for their part-time employees. These benefits would be made available to employees working between fifteen and twenty hours a week without requiring the employer to fund the premium. If HB 2224 HD1 were to pass without a mandate for part-time employees to purchase health care coverage, small group health plans could begin to see costs rise due to adverse selection.

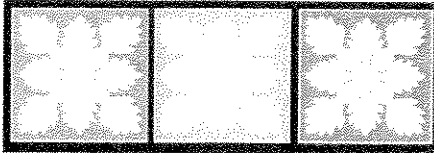
We believe that another measure, SB 2530 SD2, may be a better vehicle to provide coverage for this group of individuals. SB 2530 SD2 contains consensus language agreed upon by the stakeholders and also contains some protections for health plans against adverse selection. We believe that SB 2530 SD2 would offer even broader relief to those ineligible for employer based coverage under the PHCA.

Thank you for the opportunity to testify today.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer Diesman'.

Jennifer Diesman  
Assistant Vice President  
Government Relations



## Hawaii Association of Health Plans

March 17, 2008

The Honorable David Ige, Chair  
Senate Committee on Health

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

**Re: HB 2224 HD1 – Relating to Insurance**

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

My name is Rick Jackson and I am President of the Hawaii Association of Health Plans (“HAHP”). HAHP is a non-profit organization consisting of seven (7) member organizations:

AlohaCare  
Hawaii Medical Assurance Association  
HMSA  
Hawaii-Western Management Group, Inc.

MDX Hawai‘i  
University Health Alliance  
UnitedHealthcare

Our mission is to promote initiatives aimed at improving the overall health of Hawaii. We are also active participants in the legislative process. Before providing any testimony at a Legislative hearing, all HAHP member organizations must be in unanimous agreement of the statement or position.

HAHP appreciates the opportunity to testify on HB 2224 HD1 which would require health plans that offer health care coverage to the regular employees of any group or association to offer the same coverage to part-time employees working at least 15 hours per week.

While HAHP supports the intent of making health care coverage available to a population that does not qualify for employer-based health care coverage under the Prepaid Health Care Act, we have concerns with this measure.

Part-time persons present specific financial risk challenges to health plans due to the high likelihood of adverse selection. Health plans always use underwriting guidelines and rating methods designed for this risk to assure long term viability of providing coverage. This bill will not permit the usage of guidelines currently in place at our member organizations that offer such coverage.



**The Chamber of  
Commerce of Hawaii**  
Since 1850

**Testimony to the Senate Committees on Health and  
Commerce, Consumer Protection and Affordable Housing  
Monday, March 17, 2008; 9:00 a.m.  
Conference Room 229**

**RE: HOUSE BILL NO. 2224, HD1 RELATING TO INSURANCE**

Chairs Ige and Kokubun, Vice Chair Fukunaga, and Members of the Committees:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber supports the intent of House Bill No. 2224, relating to Insurance.

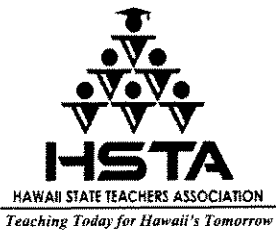
The Chamber is the largest business organization in Hawaii, representing over 1100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. The organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The measure requires insurers that offer health care coverage to the regular employees of any group or association to offer the same coverage to part-time employees working at least 15 hours per week. It also requires the Insurance Commission to report to the Legislature on Act's cost-benefit.

Providing adequate and quality health care is essential in producing a healthy population and economy. Although we support the intent, the Chamber has serious concerns about the potential unintended consequences of this measure. We believe this bill could adversely impact the business community such as increases in premium costs due to adverse selection. Businesses, especially small companies with part-time employees, already face high costs of doing business.

The Chamber believes that further evaluation of the impact of this measure and concerns of all parties need to be addressed first before passing legislation.

In light of the above, The Chamber of Commerce of Hawaii supports the intent of HB 2224, HD1. Thank you for the opportunity to testify.



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TESTIMONY BEFORE THE HOUSE COMMITTEES ON  
HEALTH AND COMMERCE, CONSUMER PROTECTION,  
AND AFFORDABLE HOUSING

RE: HB 2224, HD1 – RELATING TO INSURANCE

March 17, 2008

ROGER TAKABAYASHI, PRESIDENT  
HAWAII STATE TEACHERS ASSOCIATION

Chairs Ige, Kokubun, and Members of the Committees:

The Hawaii State Teachers Association supports HB 2224, HD1, that requires insurers that offer health care coverage to the regular employees of any group or association to offer the same coverage to part-time employees working at least 15 hours per week.

This is certainly a step in the right direction to help individuals sustain good health and consequently, improve productivity in the workplace.

Thank you for the opportunity to testify.