

Testimony of  
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Before:  
Senate Committee on Health  
The Honorable David Y. Ige, Chair  
The Honorable Carol Fukunaga, Vice Chair

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

March 17, 2008  
9:00 am  
Conference Room 229

**HB 2224 HD1      RELATING TO INSURANCE (Part-time employees)**

Chairs Ige and Kokubun and committee members, thank you for this opportunity to provide testimony on HB2224 HD1 which requires health insurance plans to offer the same coverage to part-time employees as provided to regular employees. The part-time employee would pay for this benefit if they choose to be covered.

**Kaiser Permanente Hawaii supports the intent of this measure but wishes to express some concerns.**

We appreciate the legislature's efforts to reduce the number of uninsured persons in Hawaii. We also want to acknowledge the effort in this bill to minimize the impact on employers. However, this proposal is not without impact.

As written, while the employer as mandated by law would cover all full-time employees; it would be at the option of the part-time employee to purchase this coverage. This creates a group of voluntary participants.

Experience tells us that a voluntary pool will have participants that use more health care. This is because they may choose not to purchase health coverage when they are healthy but will buy it when they need health care services. In a mandatory pool both the healthy that use few services and the less healthy that use more services are compelled to purchase insurance, which provides some balance. This difference between mandatory and voluntary purchase has a direct and negative impact on risk and its associated costs for all employees and employers. It will cost more for everyone.

There are a number of issues this bill fails to address such as:

- The bill needs to clarify when part-time employees may enroll. Will the same conditions such as only being allowed to enroll during open enrollment be the same for part-time as for full-time employees?
- It is not clear what will occur if the part-time employee's hours become less than 15 hours a week. Are they dropped from the employer's plan? For how long?
- How long would a part-time employee have to work 15 hours a week in order to qualify for coverage? Full-time employees must work 20 hours a week for four weeks to qualify.
- While the employer is not required to pay for the part-time employees health coverage the employer still needs to manage premium payments to the health plan and to report the ongoing eligibility for all of their employees. The bill does not require this of employers.

If it is the legislature's intent to not have a financial impact on employers we request that you consider these issues and the negative impact this bill could have. It might be better to have the insurance commissioner report on the likely effect of this kind of legislation prior to enacting it rather than two years from now. Thank you for your consideration.