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LAWRENCE M. REIFURTH  
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TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-FOURTH LEGISLATURE  
Regular Session of 2008

Friday, February 1, 2008  
8:00 a.m.

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

TO THE HONORABLE JOSH GREEN, M.D., CHAIR, AND MEMBERS OF THE  
COMMITTEE:

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. It should be noted however that there is an open question as to what premium rate will be attached to the policies offered to this group of people. We do not currently know the health history of the part time workers that will choose to participate in this pool. We also point out that only the part time employees who really need the insurance are likely to agree to pay for it. If this happens, it may increase the

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percentage of those in the rated pool that are higher risk, resulting in higher premiums for the employer group. In sum, the rating aspect of this bill is far from clear. Until we know how high the premium rate is, we are not able to predict accurately how successful this bill will be in reducing the number of the uninsured.

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 we are 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.

## May Mizuno

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**From:** Joel Fischer [jfisher@hawaii.edu]  
**Sent:** Wednesday, January 30, 2008 3:41 PM  
**To:** HLTtestimony  
**Cc:** Rep. Calvin Say  
**Subject:** HB2224; HLT and HSH; 2/1; 8AM; Rm 329

**Importance:** High

HB2224, Relating to Insurance

HLT, Chair, Rep Green  
HSH, Chair, Rep Shimabukuro

PLEASE PASS THIS BILL!

I cannot tell you how grateful I am to Speaker Say for submitting this bill. It is very disturbing to any one with a conscience that so many of our workers do not receive health insurance because unscrupulous compnaies keep their workers' hours at 19 per week just so they can deny them health insurance. UNBELIEVABLE!

I realize that this change is an incremental one. I wish that ALL workers would be covered by this bill. But I also recognize the wisdom in Spealer Say's approach to try to minimize the opposition of business.

So, PLEASE pass this bill out. I hope all members of these committees will fight to see that this bill makes it all the way through both houses.

Thank you.

Aloha, joel

Dr. Joel Fischer, ACSW  
President, 19-3, Democratic Party

Professor  
University of Hawai'i, School of Social Work Henke Hall Honolulu, HI 96822

"It is reasonable that everyone who asks justice should DO justice."  
Thomas Jefferson

"There comes a time when one must take a position that is neither safe, nor politic, nor popular, but one must take it because one's conscience tells one that it is right."  
Dr. Martin Luther King, Jr.

"Never, never, never quit."  
Winston Churchill

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Testimony of  
Phyllis Dendle  
Director of Government Affairs

Before:  
House Committee on Health  
The Honorable Josh Green M.D., Chair  
The Honorable John Mizuno, Vice Chair

February 1, 2008  
8:00 am  
Conference Room 329

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

Chair Green and committee members, thank you for this opportunity to provide testimony on HB2224 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 would like to provide some comments for your consideration.**

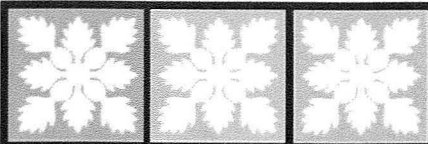
We appreciate the legislature's efforts to reduce the number of uninsured persons in Hawaii. We also want to acknowledge the effort in this bill to minimize the impact on employers. However, this proposal is not without impact.

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. Given that assumption, the premiums are likely to become higher with this additional voluntary pool than in a solely mandatory pool.

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## Hawaii Association of Health Plans

February 1, 2008

The Honorable Josh Green, M.D., Chair  
The Honorable John Mizuno, Vice Chair  
House Committee on Health

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

Dear Chair Green, Vice Chair Mizuno and Members of the Committee:

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 Management Alliance 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 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. HAHP has serious concerns with this measure and we oppose it.

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 second negative consequence is that this bill will likely impact the underwriting basis for true employer groups – and will lead to higher premiums. Employer group rates will rise as health plans are forced to increase premiums due to this new, adversely self-selected risk pool.

For these good reasons, we ask that you hold this bill.

Thank you for the opportunity to offer comments today.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Jackson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rick Jackson  
President

# HMSA



Blue Cross  
Blue Shield  
of Hawaii

An Independent Licensee of the Blue Cross and Blue Shield Association

February 1, 2008

The Honorable Josh Green, M.D., Chair  
The Honorable John Mizuno, Vice Chair

House Committee on Health

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

Dear Chair Green, Vice Chair Mizuno and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of the intent of HB 2224 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. Although HMSA supports the intent of this measure, we do have concerns about the possible unintended consequences should it be approved.

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 the employer having to pay for the cost of the premium. While this is a worthwhile effort we believe that a mandate of this kind could adversely impact the business community.

If HB 2224 were to pass, small group health plans could begin to see costs rise due to adverse selection. Without the mandate that part-time employees purchase health care coverage, individuals may arbitrarily decide when to apply to receive coverage and when to stop receiving coverage. This could be especially detrimental to small businesses since these entities are all pooled together for premium calculation purposes meaning that the cost of the entire pool (the “pool” is the population enrolled in plan) is used to determine any rate changes. Pooling together small groups allows health plans to keep premium costs down. However the end result of adverse selection in this case is that small businesses will inevitably end up paying more.

Thank you for the opportunity to testify on HB 2224.

Sincerely,

Jennifer Diesman  
Director, Government Relations

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## May Mizuno

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**From:** renee furuyama [rfuruyama@yahoo.com]  
**Sent:** Wednesday, January 30, 2008 11:36 PM  
**To:** HLTtestimony  
**Cc:** Renee Furuyama; Debbie Shimizu  
**Subject:** HB 2224; Committees on Health & Human Services & Housing; Friday, February 1, 2008; 8 a.m.; Conf. Rm 329

HB 2224, RELATING TO INSURANCE

Health; Chair, Rep. Green  
Human Services & Housing; Chair, Rep. Maile Shimabukuro

PLEASE PASS THIS BILL WITH AN AMENDMENT.

In Hawaii, there are many adults struggling to make ends meet. The cost of living here is one of the highest in the nation and yet, incomes here cannot keep up with the cost of living. Many of our local people must work two or three part time jobs to live and take care of their families. Many of these multiple job holders are minimum wage job holders. Yet, here in the "health state," tens of thousands of workers do not have health insurance. This is tragic!

This bill is a start in the right direction to ensure that people are able to maintain their health so that they can continue to hold onto their jobs while taking care of their families.

However, as this bill intends to alleviate stress on the workforce by providing health insurance, the outcome of this policy could also impose stress. If people are expected to spend their already substandard wages on high insurance premiums when they are already struggling to pay the rent, this will not be a workable policy. This bill needs to be amended so that insurance companies take responsibility for providing insurance at very low costs to low wage workers or businesses share in paying the premiums.

Please take care of the most vulnerable of Hawaii's people and don't let them fall between the cracks.

Mahalo,

Renee H. Furuyama, LSW, MURP

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This difference between mandatory and voluntary purchase has a direct impact on risk and its associated costs for all employees and employers.

If there were a way to assure that all part-time employees and not just those who need health services would purchase health coverage much of this risk would be reduced. If it is still at the option of the part-time employee to purchase coverage than the law should provide disincentives for jumping in and out of health plans based on the need for coverage.

This bill is well intentioned in wanting to provide more opportunity for uninsured people to get comprehensive insurance however it will have the unintended consequence of increasing premiums for businesses who currently must purchase health coverage for regular employees.

Since it was the legislature's intent to not have a financial impact on employers we request that you consider the negative impact this bill could have. Thank you for your consideration.

The Hawaii Teamsters Local 996  
1817 Hart St.  
Honolulu, Hi. 96819

Rep. Josh Green, M.D., Chair  
Rep. John Mizuno, Vice-Chair  
Committee on Health

Rep. Maile Shimabukuro, Chair  
Rep. Karl Rhoads, Vice-Chair  
Committee on Human Services and Housing

Glenn Ida  
Hawaii Teamsters Local 996 PAC Co-Chair  
295-1280

Feb.1, 2008

Support HB2224, Relating to Insurance

The Hawaii Teamsters Local 996 negotiates and enforces more than 50 contracts serving 6000 members in various industries in Hawaii and Guam. Our contracts provide conditions of employment, wages and fringe benefits that include medical coverage.

HB2224 makes it easier to qualify for medical insurance for those who for whatever reason can work only limited hours. This Bill is a step in the right direction in addressing the high cost of medical services.

The Hawaii Teamsters Local 996, Supports HB2224

Thank you for the opportunity to testify.

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