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January 30, 2008

To: Sen. Suzanne Chun Oakland, Chair
Sen. Les Ihara, Vice Chair
Human Services & Public Housing Committee

From: Cynthia Goto, M.D., President
Linda Rasmussen, M.D. and Philip Hellreich, M.D.,
Legislative Co-Chairs
Paula Arcena, Executive Director
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Please deliver to:
Senate Committee on
Human Services &
Housing
1-30-08,
Thurs.
1:30pm
Conf. Rm. 016

RE: SB2052 Relating to Health Insurance (requires that hearing aid devices be included in mandatory insurance coverage for Medicaid and private health insurance).

The HMA supports the intent of the above-stated bill to provide for needed medical care, but has concerns about adding to Hawaii's already long list of mandated health insurance benefits. The addition of more benefits increases health care costs, thereby increasing premiums and putting health care coverage out of reach for more of our residents. For that reason and those explained below, the HMA is opposed to mandated benefits.

Mandated benefits should consist of core benefits that are limited to medical needs. Many existing benefits, such as mammograms, immunizations, mental health and alcohol and drug dependence treatment, are necessary to maintain the health of Hawaii's citizens. These benefits warrant mandating because they are cost effective by preventing future illness, which would be far more costly to treat and cure. The HMA strongly believes that every member of our society needs and deserves a core group of medical and surgical benefits, including psychiatry and addition medicine.

Over and above these benefits, the HMA generally favors free market solutions and opposes mandated benefits, because they significantly increase the cost of health care and ultimately increase the number of uninsured or underinsured people. However, it is important to retain some flexibility in order to reflect advances in medical science and to address those instances in which the free market does not induce third party payers to cover new diagnostic and therapeutic services.

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While it is vitally important to consider the cumulative cost of mandated benefits, the delivery of quality health care should not be prohibited with an arbitrary cap.

Following the 2001 legislative session, the HMA participated in the Mandated Benefits Task Force, convened by the Insurance Commissioner, and served on committees led by former Representatives Ken Hiraki and Dennis Arakaki and Senator Brian Taniguchi. The task force and its committees spent a significant amount of time discussing this issue.

Unfortunately, the legislature did not act upon the recommendations of the task force. While the report is 6 years old, we think it would be helpful for this committee to review the Task Forces' report and re-visit this issue before adding mandated benefits.

Thank you for the opportunity to testify on this matter.



LINDA LINGLE
GOVERNOR
JAMES R. AIONA, JR.
LT. GOVERNOR

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TO THE SENATE COMMITTEE ON HUMAN SERVICES
AND
PUBLIC HOUSING

TWENTY-FOURTH LEGISLATURE
Regular Session of 2008

Thursday, January 31, 2008
1:30 p.m.

WRITTEN TESTIMONY ONLY

TESTIMONY ON SENATE BILL NO. 2052 – RELATING TO HEALTH INSURANCE.

TO THE HONORABLE SUZANNE CHUN OAKLAND, 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”). The Department takes no position on this bill, which creates a
mandated benefit for hearing aids.

The Department does not have the medical expertise necessary to express an
informed opinion on the merits of this bill. In addition, mandated benefits help some
patients, but also increase premiums for consumers. Weighing these complex issues is
best left to the wisdom of the Legislature. It should also be noted that prior to enacting
mandatory health insurance coverage, there must be a review by the Legislative Auditor
pursuant to Hawaii Revised Statutes section 23-51.

We thank this Committee for the opportunity to present testimony on this matter.

HMSA



Blue Cross
Blue Shield
of Hawaii

An Independent Licensee of the Blue Cross and Blue Shield Association

January 31, 2008

The Honorable Suzanne Chun Oakland, Chair
The Honorable Les Ihara, Jr., Vice Chair

Senate Committee on Human Services and Public Housing

Re: SB 2052 – Relating to Health Insurance

Dear Chair Chun Oakland, Vice Chair Ihara and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 2052 which would require health plans to provide coverage for hearing aid devices.

HMSA's plans do provide coverage for hearing aids under both our Preferred Provider Plan and Health Plan Hawaii Plus (our HMO).

In addition, we believe that prior to passing any new legislation which would require health plans to provide benefits not currently covered in their plan offerings, the Legislature should request an Auditor's study as required under Hawaii Revised Statutes 23-51 and 23-52. This study will provide decision-makers with objective information prior to including these new benefits. With health care costs continuing to escalate it is important to consider the impact that requiring such benefits will have on the cost of health care, especially for local employers who typically bear the brunt of such cost increases.

Thank you for the opportunity to provide testimony on SB 2052.

Sincerely,

Jennifer Diesman
Director, Government Relations



January 31, 2008

The Honorable Suzanne Chun Oakland, Chair
The Honorable Les Ihara, Jr., Vice Chair
Senate Committee on Human Services and Public Housing

Re: SB 2052 – Relating to Health Insurance

Dear Chair Chun Oakland, Vice Chair Ihara 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 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.

Thank you for the opportunity to testify in opposition to SB 2052, which would require health plans to provide coverage for hearing aid devices. HAHP recognizes that legislative health mandates are often driven by the desire for improved health care services to the community; as health plans, our member organizations are committed to the same ideal. In general, however, HAHP member organizations oppose legislative health mandates as inefficient mechanisms for health care improvement for three (3) reasons:

1. Mandates, by their basic nature, increase health care costs for employers and employees.
2. We believe employers should have the right to, working with their insurer, define the benefit package they offer to their employees. Mandates misallocate scarce resources by requiring consumers (and their employers) to spend available funds on benefits that they would otherwise not choose to purchase.

3. Mandates impose static clinical procedures which can fail to promote evidence-based medicine, defined as the daily practice of medicine based on the highest level of available evidence determined through scientific study. Evidence-based medicine promotes high quality care. Unfortunately, even when a mandate promotes evidence-based medicine when adopted, the mandate does not timely change to reflect medical advances, new medical technology, or other new developments. Mandates can become obsolete or even harmful to patients.

Thank you for the opportunity to testify.

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