

FAX COVER

To: David Ige

Company :

Fax Number : 5866231

From : GELLER

Company :

Fax Number : 808 540-1928

Subject : Decision making on SB2413 this morning

Pages including cover page: 2

Time : 08:11

Date : 2/14/2008

MESSAGE

Unfortunately I was not able to go to the Capitol yesterday for health reasons and did not submit advance testimony on SB2413, which would remove health insurance premium regulation. I see that decisionmaking is scheduled for this morning.

Attached is the testimony I would have given.

It is hard for me to imagine that the Legislature would increase the burden on small businesses and individuals at exactly the time that the economy is headed for a downturn. I hope that no one on the committee would allow that to happen.

There is, of course, no connection between premiums that HMSA receives and reimbursements that HMSA pays to doctors, and **no assurance that premium increases would be passed on**. In other words, there will be no benefit to anyone, on Maui or in other rural areas, should rate regulation be set aside.

Hawaii is no different from other states in this regard. The Blue Cross/Blue Shield plans cut reimbursements while increasing premiums.

Again, I regret that I could not submit testimony yesterday but nevertheless urge committee members not to undo the progress made in controlling health care costs in Hawaii.

Sincerely,
Larry Geller, President
Kokua Council



SB2413
HTH
Wednesday February 13, 2008

Hawaii Voice for a Better Future

COMMITTEE ON HEALTH
Senator David Y. Ige, Chair
Senator Carol Fukunaga, Vice Chair

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February 14, 2008

Re: SB2413— Repeals the health insurance rate filing requirements

In Opposition

Kokua Council **opposes** this bill, which would defeat health insurance rate regulation in Hawaii.

The Insurance Commissioner has previously testified that regulation saved Hawaii’s small businesses and individuals approximately \$18 million in excess premiums. As the economy slows down, it is hard to understand why the Legislature would increase the burden on business without the prospect of any benefit in return.

During the one year when insurance premium regulation was not in effect, HMSA did not respond to the shortage of certain medical specialties in rural areas by boosting reimbursements. At the same time, it was revealed that HMSA executives draw high salaries and have been amassing excessive reserves.

The public reacted when it was discovered that the insurers themselves wrote amendments that in the end defeated premium regulation while an HMSA Foundation “intern” was working in the office of the legislator who introduced the amendments. As a result, corporate interns have been removed from the Legislature. I am sure that after the effort to reinstate premium regulation, this time without any sunset provisions, small business leaders and the general public will not welcome the Legislature removing regulation again.

In a free market one might reasonably argue whether regulation is necessary. This market is monopolistic, dominated by two companies, and the people and their representatives have determined that fair regulation is in everyone’s best interests.

Please do not reverse this important economic protection.

Larry Geller, President

Larry Geller
Kokua Council

dige5 - Marilyn

From: Sen. Roz Baker
Sent: Tuesday, February 05, 2008 9:04 PM
To: dige5 - Marilyn
Subject: FW: Testimony Health Insurance Premium Deregulation.doc
Attachments: Testimony Health Insurance Premium Deregulation.doc

I want to make sure that this gets on the record. Thanks

Senator Rosalyn H. Baker
Chair, Senate Ways and Means Committee
District 5 -- South and West Maui

From: Guy K. Hirayama [mailto:hirayama@mauimedical.com]
Sent: Tuesday, February 05, 2008 5:24 PM
To: Sen. David Ige; Sen. Carol Fukunaga; Sen. Roz Baker; Sen. Ron Menor; Sen. Paul Whalen
Subject: Testimony Health Insurance Premium Deregulation.doc

To the members of the Senate Health Committee, attached is my testimony on SB 2413.

Guy K. Hirayama MD, FAAP



Maui Medical Group, Inc.

Health Care Excellence For Maui Since 1961

January 5, 2008

Senator David Y. Ige
Senator Carol Fukunaga
Senator Rosalyn H. Baker
Senator Ron Menor
Senator Paul Whalen

Re: SB 2413
Relating to Healthcare Insurance Premium Regulation

Honorable members of the Senate Health Committee:

As a member of the Maui Healthcare Initiatives Task Force, I urge you to support SB 2413.

As directed by Act 219, the Maui Healthcare Initiatives Task Force examined the current and future healthcare needs of the County of Maui. Through its investigations, the Task Force recognized that the provision of healthcare services requires appropriate funding to be sustainable.

There exists a growing crisis in access to healthcare providers, facilities, and services in the State of Hawaii.

- Recruitment and retention of the healthcare workforce, including physicians, nurses, technologists, and other ancillary staff, has become progressively more challenging.
- An inadequate healthcare workforce makes the delivery of healthcare services difficult and progressively less sustainable. Lack of adequate workforce contributes significantly to the inefficiencies and congestion currently existing within our healthcare system.
- There exist many challenges to the viability of healthcare providers, facilities, and healthcare services, amongst which are inadequate reimbursements, which are significantly lower than mainland cohorts.
- Lower reimbursements in a tightening national healthcare labor market places the State of Hawaii at a competitive disadvantage, making the State of Hawaii a less attractive location for employment.
- Inadequate reimbursements are taking a significant toll on the healthcare facilities and services in Hawaii. According to testimony from the Hawaii Health Information Corporation, all hospitals in the State of Hawaii have suffered losses in the past six quarters.
- Our healthcare system is currently out of balance and in danger of implosion with closure of facilities as well as loss of access to needed healthcare services and providers. It is clear that this scenario now permeates through all sectors of Hawaii's healthcare industry.

If our healthcare industry is to be stabilized and access to healthcare providers, facilities, and services are to be improved and sustained, reimbursements will need to improve to a level appropriate for such.

Healthcare service reimbursements are dependant on revenue arising from healthcare premiums.

- While the State of Hawaii has amongst the highest costs of living in the nation, it is noted that we benefit from a level of healthcare premiums in Hawaii, which are low in comparison to the other states in the nation, especially when the cost of living is factored in.
- This misalignment of healthcare premiums in Hawaii with healthcare premiums on the mainland results in an inability of the healthcare insurance payors to raise reimbursements appropriately to healthcare providers and facilities, adequate to match reimbursement levels of mainland cohorts and to maintain sustainable access to healthcare providers, facilities, and services.
- Inappropriately low reimbursements resulting from misaligned healthcare premiums are fueling the growing healthcare access crisis in Hawaii.
- Healthcare premiums must necessarily be aligned with mainland cohorts to allow for appropriate reimbursements if we are to achieve the sustainable healthcare needed.

The State Insurance Commissioner's Office currently regulates healthcare insurance companies along with the premium levels levied to consumers through a cap, but does not control reimbursements to healthcare providers, facilities, and services.

- Premium regulation was put into place to control the cost of healthcare.
- Healthcare premium deregulation may result in a rise in healthcare premiums.
- Healthcare premium increases may result in increased cost to the businesses of Hawaii, given current state law requiring businesses to bear the healthcare premium costs of their employees.
- Healthcare premium increases may result in a rise in the uninsured population.
- A rise in the uninsured population may result in an increased dependence on State sponsored health insurance programs.
- Healthcare premium deregulation may attract outside health insurance companies to the Hawaii health insurance market.

With the goal of improved and sustainable access to healthcare providers, facilities, and services as well as a stabilization of the viability and sustainability of Hawaii's healthcare system, the Maui Healthcare Initiatives Task Force called for legislation to enact the following:

- Healthcare insurance premiums would no longer be capped by the State Insurance Commissioner's Office. Healthcare insurance companies would then be responsible to determine their own healthcare insurance premium levels, as necessary to provide for reimbursements adequate to assure necessary and sustainable access to healthcare providers, facilities, and services.
- To address concern over healthcare premium dollar allocation to reimbursements necessary to sustain access to providers, facilities, and services, the State Insurance Commissioner's Office should monitor the healthcare insurance premiums levied on the consumers as well as reimbursement levels to assure that premium level changes result in appropriate reimbursement levels and consequently result in improved and sustainable

access to healthcare providers, facilities, and services. If such healthcare premium deregulation is not followed, in a reasonable period of time, by appropriate improvements in reimbursement levels necessary to result in improved and sustainable access to healthcare providers, facilities, and services, the State Insurance Commissioner's Office should then regain control over healthcare premiums.

- To address the potential impact of healthcare insurance deregulation on businesses, the uninsured population, and State sponsored health insurance programs, the Hawaii State Legislature should reexamine:
 - Hawaii State law requiring businesses to bear the cost of healthcare insurance premiums of its employees.
 - State sponsored health insurance programs covering the population unable to afford health insurance.

SB 2413 is a necessary measure to enable the sustainability of Hawaii's healthcare workforce and access to healthcare services. Your support of this measure is greatly appreciated.

Sincerely,

Guy K. Hirayama MD, FAAP
Member, Maui Healthcare Initiatives Task Force
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Wailuku, Hawaii 96793
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