

HMSA



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LATE TESTIMONY

March 17, 2008

The Honorable Robert N. Herkes, Chair
The Honorable Angus L.K. McKelvey, Vice Chair

House Committee on Consumer Protection and Commerce

Re: SB 2530 SD2 – Relating to Health Insurance Support for Small Business

Dear Chair Herkes, Vice Chair McKelvey and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 2530 SD2 which would require health plans to allow sole proprietors and small businesses with no employees be eligible for group health care coverage. HMSA supports the intent of this measure.

This measure represents an initiative which has been debated by the Legislature for the past few years. Last year HMSA worked with the other stakeholders to come to consensus on language that would not only accomplish the intent of the measure but offer health plans some protection from adverse selection. SB 2530 SD2 currently contains this language. It also includes a 2013 sunset date which would allow for all interested parties to revisit the issue in five years to determine the costs and impacts of the legislation.

That being said, while we appreciate the Legislature's attempt to provide individuals with health care coverage we feel there may be unintended consequences if this measure were enacted such as an increase in cost to small employers. Although this measure seeks to strike a balance between providing coverage to sole proprietors while offering some protection to small groups currently purchasing services, we believe that the cost impact remains.

Thank you for the opportunity to provide testimony today.

Sincerely,

Jennifer Diesman
Assistant Vice President
Government Relations