

The Twenty-Fifth Legislature  
Regular Session of 2009

THE SENATE

Committee on Health

Senator David Y. Ige, Chair

Senator Josh Green, M.D., Vice Chair

Committee on Commerce and Consumer Protection

Senator Rosalyn H. Baker, Chair

Senator David Y. Ige, Vice Chair

State Capitol, Conference Room 229  
Thursday, March 19, 2009; 9:30 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 1504, HD1  
RELATING TO HEALTH**

The ILWU Local 142 supports H.B. 1504, HD1, which creates the Hawaii Health Authority to develop a health plan to provide universal health care in Hawaii.

Hawaii's Prepaid Health Care Act ensures that employers provide health care coverage for employees who work more than 20 hours a week for four consecutive weeks. Some employers skirt the law by employing their workers less than 20 hours a week. The employer saves money while the worker is saddled with a huge burden to provide for his or her own health care needs. Family coverage may be provided, but at an often enormous cost to the worker. As individual plans are expensive, many workers just do without.

It is understandable that employers will balk at the expense of providing for health care. The cost of providing coverage is the biggest expense, next to wages, to employ a worker. Yet coverage is essential if workers are to avoid going bankrupt when a catastrophic illness or injury strikes or if more costly medical procedures are to be avoided by prevention or early intervention. In addition, healthy workers mean greater productivity.

H.B. 1504, HD1 establishes the Hawaii Health Authority to provide ultimately for universal health care in Hawaii. All possibilities will be considered and the best, most cost-effective and fair course of action must be adopted. Hawaii, like the rest of the nation, cannot continue to be held hostage by the ever-rising cost of health care. If other countries are able to provide health coverage to all its citizens (and even non-citizens), the U.S. with its technological and financial might should be able to do the same or better. Hawaii, with its landmark legislation for Prepaid Health Care, should lead the nation.

Ah Quon McElrath, retired ILWU social worker, long advocated for universal health care. She tirelessly walked the halls of the Capitol and spoke with every legislator who would listen about the absolute need to provide for the health care needs of everyone in the state. Ah Quon passed away in December. We carry on in her memory to appeal for universal health care for Hawaii residents.

The ILWU urges passage of H.B. 1504, HD1. Thank you for the opportunity to share our views on this important matter.

Testimony of  
Phyllis Dendle  
Director of Government Affairs

Before:  
Senate Committee on Health  
The Honorable David Y. Ige, Chair  
The Honorable Josh Green M.D., Vice Chair

Senate Committee on Commerce and Consumer Protection  
The Honorable Rosalyn H. Baker, Chair  
The Honorable David Y. Ige, Vice Chair

March 19, 2009  
9:30 AM  
Conference Room 229

**HB1504 HD1            RELATING TO HEALTH (Hawaii Health Authority)**

Chairs Ige and Baker, and committee members; thank you for this opportunity to provide testimony on this bill which creates the Hawaii Health Authority to develop a plan for universal health care in Hawaii.

**Kaiser Permanente Hawaii supports the intent of this bill.**

We support passing legislation that creates the means for everyone in the United States to have access to affordable health care using all of the resources we currently have, including both public and private programs.

This why we respectfully ask that the legislature consider the actions currently being taken on the national level to provide universal access to health care and delay beginning a state effort on this important issue. We believe any action taken by Hawaii would be premature and could be preempted by federal law. The time, effort, and money used to create this authority will be better spent on implementing the federal program being proposed by President Obama.

Thank you for your consideration.

**Testimony on House Bill 1504**  
**March 19, 2009**

Dear Chairs Ige and Baker and Committee Members,

Access to health care is a human right, and it is being systematically violated for tens of millions of Americans. *There is no better time for Hawaii to unambiguously reject this violation of human rights through the creation of the Hawaii Health Authority*, with a mandate to create a plan for universal coverage of all state residents by 2010. It would be tempting, given President Obama's major health care reform initiative, to wait and follow his lead. But President Obama himself applauds states for their initiative, and recently stated that "states can continue to experiment, provided they meet the minimum standards of the national plan." I personally believe that Hawaii can and should do better than a minimum standard.

As a state, we have historically been leaders in health care, but we have let the head start of the landmark Hawaii Prepaid Health Act lose its relevance to shifting economics and demographics. The current employer-based health system is failing to cover Hawaii's population, a fact oft repeated by the late A.Q. McElrath, the legendary community organizer who helped shape the Hawaii Prepaid Health Act in the 1970s and a longtime supporter of the current bill. Many legislators knew Ms. McElrath quite well, I trust, and therefore have some idea of the stern talking to she would give if we fail to act now.

Employers must still play an important part in ensuring health insurance for their employees, but the current system encourages employers to create more part-time jobs to avoid covering workers' insurance premiums. Too many of Hawaii's residents are excluded by the current system of financing the provision of health care. The costs of our broken system may not be immediately visible, but I can assure the committee that they have a very human face. As an emergency medical technician, I all too often saw that face. The emergency room should be a last resort, and not the first point of access for Americans who waited too long to seek help in the fear that they could not afford medical care.

Fixing a broken system is no small task, but as a student of public health and a former and future health care worker, I can attest that finding a way to provide *comprehensive* health care to all residents of Hawaii is necessary for a number of social, economic and health reasons. It also is simply the right thing to do. I thank the Committee and its members for your time and consideration.

Sincerely,

Kris Coontz  
Hui Ola Pono  
Graduate Student group

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## **In Support of HB1504**

### **March 18, 2009**

Economic analysis has repeatedly shown that administrative overhead is far greater for competing private health plans than for a publicly financed single-payer system. Administrative costs are about 31% of the health care dollar in the US, compared to around 15% for countries with single-payer plans. (1) All other industrialized countries spend far less per capita than we do on health care, provide universal coverage, and their doctors and hospitals spend far less money and time on administration. Public plans do not need to pay for marketing, negotiating with employers, underwriting (techniques for avoiding or charging more for insuring sicker patients), multiple private bureaucracies, reserves, or profits.

A single-payer funding system is the only option that can assure quality and access at an affordable cost. We cannot continue an insurance system that profits by denying or avoiding paying for care. President Obama has proposed banning underwriting by private health insurers (standard benefits and same premiums regardless of health status), and allowing an expanded Medicare-like public plan to compete with private plans. This would remove the perverse incentives of plans to avoid covering the sick, but it would not reduce the excess cost and the burdens of complexity for both providers and patients in a system of competing plans. Obama's proposed plan also continues and expands Medicaid, a program so broken that Medicaid patients can no longer find a doctor who will see them.

National polls show most Americans favor a universal national health care program, along the lines of "Medicare for All." Most doctors also favor a single-payer plan, but justifiably fear "Medicare for All" because they have experienced claims processing problems and senseless, burdensome policies with Medicare. Fees are often irrational and inadequate, especially for primary care and "cognitive" specialties that emphasize time listening to and thinking about patients and their problems, rather than high-tech procedures. We have a shortage of primary care doctors, and few medical students are now willing to enter primary care careers. (2) Medicare's "Sustainable Growth Rate" formula is slated to slash physician fees by 30% over the next 5 years, so it has become very difficult to find a doctor accepting new Medicare patients. Medicare D drug coverage is intolerably complex and difficult. Hospitals are being driven into bankruptcy by the uninsured and below-cost reimbursement from Medicare and Medicaid, so they shift as much of their costs as possible onto commercially insured patients. A single-payer "Medicare for All" plan would require serious attention to correcting the flaws in the current Medicare program, but with proper representation from doctors, hospitals, and consumer groups, that should be far less difficult than fixing our current fragmented "system" of health care financing.

A single-payer program would save enough on administration to provide good health coverage for everyone for less than we spend now. It would greatly reduce administrative costs and hassles for doctors and hospitals, and control out-of-pocket medical expenses for the public. Health coverage would be fully portable and not tied to employment. There would be no fragmentation or denial of care when insurers dispute responsibility for an illness or injury. Most of medical malpractice costs are tied to current and future health care expenses, so if all health care were fully covered by a universal system, malpractice costs would be slashed. So would worker's

compensation and automobile insurance costs. Injured parties would not feel forced to sue for fear their health care might not otherwise be covered.

A well designed universal health plan can contain costs and maintain access and quality by serving patients and the providers of their health care, instead of health care industry "middle men."

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References:

1. 2. Wollhandler S, Campbell T, Himmelstein D. The Costs of Health Care Administration in the United States and Canada. *N Engl J Med* 2003;349:768-75.
2. Bodenheimer T. Primary Care – Will It Survive? *New England Journal of Medicine* 355;9, Aug. 31, 2006:861-864

Testimony in Support of HB 1504  
Thursday, March 19, 2009  
Conference Room 229

TO: Senator David Ige, Chair and Members of the Committee on Health  
Senator Rosalyn Baker, Chair and the Committee on Commerce and Consumer Protection

Re: Support of HB 1504

I am a pediatrician and an advocate for universal health care.

Our president recognizes that health care is a key component of our economic recovery. Surely, he appreciates that our national health expenditures account for 17% of our GDP but are projected to reach 50% by 2025. That while we spend more on health care per capita than any other nation, we have broad health disparities, millions with no health coverage and mediocre health outcomes compared to nations with comparable standards of living.

Single payer universal health care would save money and improve care. It will save each family an average of \$1,300 per month for coverage – roughly 31% of the average household income. It will save business owners an equivalent amount. Why should they foot the bill for health care? Eliminating the tax deduction for employer health contributions would generate enough revenue to provide coverage for our nation's 47 million uninsured. It will save taxpayers the difference between the 31% administrative waste of private insurers and the 1.5% overhead for Medicare.

I hear over and over that single payer has been taken "off the table" for discussion, yet Tom Daschle conceded that it is "brilliantly simple, ensures equity by providing all people with the same benefits and saves billions of dollars." In the next breath, however, he dismissed it as of being "politically problematic".

We cannot allow the pharmaceutical and insurance industries to block meaningful reform buoyed by the tens of millions of dollars they contribute - each year - to Congressional and Presidential campaigns and the hundreds of millions of dollars they invest in federal lobbying.

The majority of physicians and nurses, over 500 labor unions, experts in economics and health policy, and 65 members of the House recognize that incremental change will do nothing to address root problems including: the lack of universal and comprehensive coverage, the need for centralized planning, purchasing and outcomes research, the absence of evidence-based clinical standards of medical care, critical shortages in health care manpower, and administrative inefficiency and corruption.

HB 1504 would establish a Hawaii Health Authority as the first step in developing a comprehensive plan to provide universal health care in the state of Hawaii. Hawaii would take a leadership role in vital health reform. Please lend your enthusiastic support to HB 1504.

Yours respectfully,

Carol H. Titcomb M.D. M.P.H.  
2094 Mauna Place  
Honolulu, Hawaii 96822

## **Testimony in Support of HB 1504**

Wednesday, March 19, 2009, 9:30am  
Conference Room 229

Chair Ige, Chair Baker, Members of the Committee on Health, and Members of the Committee on Commerce and Consumer Protection:

As a Hawaii born resident, Native Hawaiian, and graduate student in Public Health I strongly support HB 1504 for the creation of the Hawaii Health Authority. Here and across the United States, health care costs to the government and individuals are rising even though population health is declining.

The US has quality doctors and medical technology but so many people can't access them. The lack of affordable health care in the US has left over 45 million people uninsured nationally and over 100,000 uninsured in Hawaii. Even persons with insurance may fail to receive adequate health care when either their insurance company doesn't cover a treatment or the patient cannot afford co-pays. As a consequence, though the US spends the most (highest percent of its GDP and highest per capita) on healthcare than any other country, it ranks lowest among other high income, developed nations for many health indicators such as infant mortality rate, mortality rate, and life expectancy.

A state universal health plan would address these issues in Hawaii by lowering the costs associated with operating a fragmented health care system, expanding health care to cover more individuals, and providing a health system conducive to preventative health services as opposed to more expensive, less beneficial curative services. It gives the government a vehicle to reach populations suffering from health disparities such as Pacific Islanders, low-income families, and the homeless. Health care should be a human right and not a privilege.

Hawaii once led the way toward comprehensive care in being the first state to guarantee health insurance coverage for all employees working 20 hours or more a week, largely through the work of Ah Quon McElrath, with the passage of the Hawaii Prepaid Health Act in the 1970s. However, before she passed away, Ah Quon had recognized that the Hawaii Prepaid Health Act was no longer enough. For example, I work over 20 hours a week through two jobs, not qualifying for health insurance. One of those is a state job conveniently set at 17 hours a week. This kind of systematic exclusion of workers from



health insurance epitomizes the flaws in the current health legislation.

I strongly urge you to pass House Bill 1504. I urge you to show the people of Hawaii that in these dark economic times, knowledge and compassion can be our light when we choose to do the right thing.

Thank you for giving me the opportunity to testify.

Sincerely,

Elise Leimomi Davis

45-417 Puahuula Place

Kaneohe, Hi 96744

*[State or list the reasons for taking your position, starting with the most important or compelling reasons. Include any facts, figures, statements, and experiences to support your position.*

*Consider: How has the current health system in Hawaii failed? What would universal health care mean to you and your family? How would the creation of a comprehensive and cost-effective plan to provide care for all affect you? Give examples from your job, personal life, etc.]*

I urge the committee to pass HB 1504. Thank you for this opportunity to testify.

Sincerely,

*[Your Name]*

*[Your Position]*

*[Your Address]*

*[Your Phone Number]*

Testimony in Support of HB 1504  
Thursday March 19 2009  
Conference Room 229

TO: **Senate HLT/CPN Committees**

Re: Support of HB 1504

Hawaii has long been acknowledged as a leader in Health Care in the United States. We achieved this position not by resting on our laurels, and burying our heads in the sand but by the vision, hard work and commitment of leaders like the late Ah Quon McElrath. We speak of a system of health care, but what we have now is no longer a system as much as it is a patchwork quilt of too many pieces which is looking rather torn and tattered. Health care costs too darn much! Insurance based on ones' employment means that precisely when you most need insurance, you are least likely to have it. Folks are tired of playing games with the insurers. Doctors are spending too much time figuring out what they can and can not provide to their patients and too little time with their patients! Many of our communities are suffering from poor access to care. Patients are having to decide every day whether or not to forgoe expensive tests or medicines that they can't afford, and run the risk of getting sicker and sicker. We are falling further and further behind other nations in health while spending twice as much or more! The Hawa'i Health Authority will consolidate Medicaid, Medicare, the State Health Insurance Programs, the State Health Trust Fund, and other Private, State and Federal Funds for Health. We can have a comprehensive state health plan and provide quality affordable health care to all. Lets show real leadership to the rest of the nation. Now is not the time to wait for the Feds but to show the leadership that Hawaii has rightly been proud of for the past 50 years! We can show the nation how this can be done.

I urge the committees to pass HB 1504. Thank you in advance for your attention.

Sincerely,

David Derauf MD MPH  
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Honolulu, HI 96819