



LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
www.hawaii.gov/dcca

LAWRENCE M. REIFURTH
DIRECTOR

RONALD BOYER
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-FIFTH LEGISLATURE
Regular Session of 2009

Friday, January 30, 2009
8:30 a.m.

TESTIMONY ON HOUSE BILL NO. 690 – RELATING TO INSURANCE.

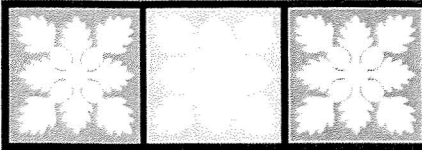
TO THE HONORABLE RYAN I. YAMANE, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is J.P. Schmidt, State Insurance Commissioner (“Commissioner”), testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department supports H.B. 690 which requires insurers to offer health care coverage to part-time employees working at least 15 hours a week, if their co-workers also have that coverage.

A few years ago the Hawaii Uninsured Project found that a significant number of the uninsured were part time workers. It is not surprising that we have a large number of part-time workers here in Hawaii because of the tourist industry and the Prepaid Health Care Act. Therefore, we support this kind of effort to expand coverage to persons who may now be uninsured.

The Committee should be aware, however, that one unintended consequence with this kind of initiative may be that sicker people will take the health insurance and healthier people will not and the result may be a higher premium rate.

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



Hawaii Association of Health Plans

January 29, 2009

The Honorable Ryan Yamane, Chair
The Honorable Scott Nishimoto, Vice Chair
House Committee on Health

Re: HB 690 – Relating to Insurance

Dear Chair Yamane, Vice Chair Nishimoto 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.

HAHP appreciates the opportunity to testify on HB 690 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.

While HAHP supports the intent of making health care coverage available to a population that does not qualify for employer-based health care coverage under the Prepaid Health Care Act, we have concerns with this measure.

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.

We also believe that it is highly likely that this measure, if passed, could lead to higher premiums. Employer group rates may rise as health plans are forced to increase premiums due to this new, adversely self-selected risk pool.

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



An Independent Licensee of the Blue Cross and Blue Shield Association

January 29, 2009

The Honorable Ryan Yamane, Chair
The Honorable Scott Nishimoto, Vice Chair
House Committee on Health

Re: HB 690 – Relating to Insurance

Dear Chair Yamane, Vice Chair Nishimoto and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of HB 690 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 690 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.

Sincerely,

A handwritten signature in black ink, appearing to read "JDiesman".

Jennifer Diesman
Assistant Vice President, Government Relations



Representative Ryan Yamane, Chair
Representative Scott Nishimoto, Vice Chair
Committee on Health
State Capitol, Honolulu, Hawaii 96813

HEARING Friday, January 30, 2009
 8:30 am
 Conference Room 329

RE: HB 690, Relating to Insurance

Chair Yamane, Vice Chair Nishimoto, and Members of the Committee:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii.

RMH understands the intent of this legislation; however, **we must oppose HB 690**, which requires insurers 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.

While employers are not required to pay for this coverage, there will be additional costs to business, namely the administrative costs associated with 1) processing the necessary paperwork; 2) withholding employee contributions; 3) remitting employee payments to the insurer; 4) maintaining records; and 5) submitting reports to the Department. We are further concerned with additional responsibility (and related costs) should the employer be required to continue coverage under COBRA if the employee terminates.

Given the challenges of this difficult economy, retailers are struggling to maintain operations and retain existing employees. This undoubtedly is the worst time to add additional burden to business.

Thank you for your consideration and for the opportunity to comment on this measure.

A handwritten signature in black ink, appearing to read 'Carol Prejill', written in a cursive style.

President

RETAIL MERCHANTS OF HAWAII
1240 Ala Moana Boulevard, Suite 215
Honolulu, HI 96814
ph: 808-592-4200 / fax: 808-592-4202
web site: retailmerchantsopenhawaii@RMHawaii.org

nishimoto2-Bryce

From: Joel Fischer [jfischer@hawaii.edu]
Sent: Wednesday, January 28, 2009 12:57 PM
To: HLTtestimony; akkeanu@hawaii.edu; bkaukai@hawaii.edu; daintry@hawaii.edu; emilykm@hawaii.edu; wfalevai@hawaii.edu; helenf@hawaii.edu; miriamg@hawaii.edu; annag925@yahoo.com; kjkji@hawaiiantel.net; ernestj@hawaii.edu; jenai2@hawaii.edu; kanoee@hawaii.edu; buppu@hawaii.edu; kerrika@hawaii.edu; zamber@hawaii.edu; nrm@hawaii.edu; bridgetannem@gmail.com; bobbij@hawaii.edu; rockettc@hawaii.edu; sbmikus@aol.com; hisunnysam@gmail.com; matthew8@hawaii.edu; yoursmile@hawaii.rr.com; kanoee@hawaii.edu; emilycs@hawaii.edu; erinr@hawaii.edu; abdinoor@hawaii.edu; dina.brooks@gmail.com; maliasb@hawaii.edu; inouyes@hawaii.edu; holler@hawaii.edu
Subject: HB690, Health; Friday, 1/30; 8:30AM; Rm 329
Importance: High

HB690, Relating to Insurance

Committee on Health; Chair, Rep Yamane

PLEASE PASS THIS BILL.

It actually was almost a fluke that so many workers were left out of our original, magnificent health insurance requirements for full-time workers. Unfortunately, many companies and institutions such as WalMart and, sadly the UH, take advantage of the original legislation and hire workers for only 19 hours so that the companies would not have to pay for health care.

But without health care, our people live in the shadows, fearing what could happen if virtually any disease hits their families.

This bill will help redress that injustice, and I strongly support it.

However, I am very concerned that unscrupulous employers will use its provisions to lower workers' hours to 14 per week from 19 now so that, again, they can avoid paying for health care.

Therefore, recognizing the struggle that this will create, I urge the Committee to consider changing the 15 hours to **ANY EMPLOYEE HIRED BY ANY COMPANY OR INSTITUTION FOR ANY NUMBER OF HOURS**. Surely, that is the fairest and most ethical way to address the enormous health care needs of our community short of a single payer system.

Thank you.

Aloha, joel

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

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