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February 6, 2009

MEMORANDUM

TO: Honorable Ryan I. Yamane, Chair
House Committee on Health

Honorable John M. Mizuno, Chair
House Committee on Human Services

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 697 – RELATING TO TEMPORARY HEALTH INSURANCE FOR
UNEMPLOYED PERSONS**

Hearing: Friday, February 6, 2009, 9:00 A.M.
Conference Room 329, State Capitol

PURPOSE: The purpose of this bill is to establish a temporary health insurance program for unemployed individuals. Places the program in the Department of Human Services and appropriates general funds.

DEPARTMENT'S POSITION: We appreciate the intent of this bill provided its passage does not negatively impact the funding priorities of the Executive Biennium Budget.

As unemployment is rising, an increasing number of people may lose their health insurance. It's important to note that for children, they are eligible for QUEST if the household income is 300% of the federal poverty level or less. If a household member

loses his or her job, we encourage them to apply on behalf of their children for QUEST coverage.

The current cost for a QUEST-Ace or QUEST-Net member is presently approximately \$128 per month and the program has 7,117 active members. The total cost for the program is \$914,107 to provide limited health benefits including 12 outpatient visits, 10 inpatient hospital days, 6 mental health visits, emergency room services, and limited prescription drugs per year.

The State's share for QUEST-Ace and QUEST-Net totals \$411,348. While the per member per month rate is expected to increase, the State share would be expected to decrease based on the projected FMAP increases in the Federal stimulus package.

The stimulus package is expected to also have specific provisions for coverage of those unemployed. Any temporary health insurance authorized by this bill should be able to be revised based on the provisions of the stimulus package. However, if the stimulus package does not have such provisions, the health insurance program proposed by this bill would be completely State funded.

The monies appropriated in this bill would provide coverage for approximately 12,360 new members based on the monthly rate for QUEST-Ace and QUEST-Net and the COBRA payments. A supplemental appropriation would be needed to cover additional members. In addition, there is no appropriation for administrative costs to operate this additional program including the need for additional eligibility workers.

Thank you for the opportunity to testify on this bill.