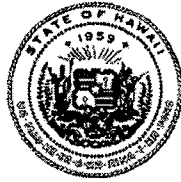


HB 989



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

April 6, 2009

MEMORANDUM

TO: Honorable Donna Mercado Kim, Chair
Senate Committee on Ways and Means

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 989, H.D. 1, S.D. 1 – RELATING TO CHILDREN’S HEALTH CARE**

Hearing: Monday April 6, 2009, 9:30 a.m.
Conference Room 211, State Capitol

PURPOSE: The purpose of this bill is to amend Act 236, Session Laws of Hawaii 2007, which established the Hawaii Children's Health Care program, to extend the program for three more years until 2012 and require that participants receive primary health care services at federally qualified health centers. Appropriates general funds.

DEPARTMENT’S POSITION: The Department of Human Services (DHS) opposes this bill because the crowd-out problems of and lack of safeguards against enrolling Medicaid children remain unaddressed thus increasing cost to the State and denying children better coverage.

DHS appreciates the intent of this bill and completely agrees that low income children deserve a public healthcare safety net. Hawaii has among the most generous public insurance for children, covering all documented children in households with incomes up to 300% of the federal

poverty level (FPL). For a family of four, 300% FPL is an income of more than \$76,000. We encourage parents that have lost jobs to apply on behalf of their children for QUEST.

Keiki Care offered a limited benefits package that was far inferior to the benefits available in QUEST. Because of the expansion of QUEST eligibility from household incomes of 250% to 300%, some children from households with incomes in this range may have enrolled in HMSA's Children's Plan and rolled into Keiki Care. This bill does not include the safeguards to require any participating plan to document the verification, even if just self-declared, of household income, number of household members, citizenship and length of legal residence. Collecting this information and reporting it to the Legislature should be required. This reporting requirement is important as it will help us ensure that children who qualify for free comprehensive health insurance through our Medicaid programs will get into Medicaid programs instead of the Hawaii Children's Health Care program with its limited benefits.

Crowd-out remains a problem. When Keiki Care began, HMSA Children's Plan enrollees were able to roll into it. So for many families that were paying for their insurance, when they switched to Keiki Care they were instead getting the identical benefits but at the tax payers' expense. While we understand the desire not to punish those families who made the choice and sacrifice to get some health insurance for their child, this most clearly results in people dropping private insurance to obtain public insurance, i.e. crowd out.

The most needy uninsured children not eligible for QUEST will likely not be served by this program. If this measure is adopted, the appropriation will be divided by the premium and by twelve to calculate the monthly enrollment cap. If children enrolled in HMSA's Children's Plan are allowed to roll over, they will take all or nearly all spots. Subsequently, those most needy children whose families could not afford the Children's Plan premium and are therefore uninsured will likely not be able to get a spot in Keiki Care.

If the intention of this bill is to cover a gap group that does not have any health insurance, DHS wonders if the eligibility requirement of a six month continuous period of uninsurance will still be in effect, and how this requirement will apply to children currently enrolled in HMSA's Children's Plan.

Lastly, DHS also believes that a basic benefits package should be required by all participating health insurers and those elements should be stated.

In summary, DHS cares very much for children. We understand the desire to ensure that no child goes without health insurance, but we must be sensitive to the State's current fiscal situation and value of the use of public funding. The program as designed in this bill does not responsibly utilize the precious public funding, and for that reason we must oppose it.

Thank you for the opportunity to comment on this bill.

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

April 6, 2009

The Honorable Donna Mercado Kim, Chair
The Honorable Shan S. Tsutsui, Vice Chair
Senate Committee on Ways and Means

Re: HB 989 HD1 SD1 – Relating to Children’s Health Care

Dear Chair Kim, Vice Chair Tsutsui and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to provide comments in support of HB 989 HD1 SD1.

As you are aware, after the passage of Act 236, HMSA entered into a contract with the State Department of Human Services (DHS) to offer the Keiki Care plan to children who fell into the gap group of uninsured. After a delayed start due to an extensive Request for Proposal and contracting period, HMSA began providing services in April 2008. Over the course of the 7 months that the plan was in operation we experienced an enrollment increase of approximately 100 children per month.

Unfortunately in October DHS made the decision that the state would no longer support the Keiki Care plan. With only a few days notification HMSA decided to fund the program through the remainder of the year and engaged in an extensive outreach program to families through mailings and phone calls. Despite our best efforts it is likely that many of the former Keiki Care plan members are once again without health care coverage due to economic circumstances.

We appreciate the legislature’s attempt to continue this worthy program that was meeting its goals and operating in a successful manner. We support this measure and look forward to working towards its implementation again. Thank you for the opportunity to provide comments in support of HB 989 HD1 SD1.

Sincerely,

A handwritten signature in black ink, appearing to read "JD", with a long horizontal flourish extending to the right.

Jennifer Diesman
Assistant Vice President
Government Relations