

**LATE**

**HB989**

LINDA LINGLE  
GOVERNOR



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**LATE**

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.



April 6, 2009

To: Senator Donna Mercado Kim, Chair  
Committee on Ways and Means

From: Lin Joseph  
March of Dimes

Re: Strong support of HB 989 HD1, SD1

Chair Mercado Kim, and members of the committee:

I am writing to express the strong support of the March of Dimes for House Bill 989, extending the Hawaii children's health care program and appropriating funds to support the expansion of the program. The March of Dimes mission *to improve the health of babies by preventing birth defects, premature birth and infant mortality* can best be achieved if all women of childbearing age, infants and children have access to comprehensive health care. The March of Dimes supports both public and private coverage options.

According to the Institute of Medicine, health coverage is the single most important factor in determining whether or not a child receives needed health care. Though uninsured newborns are more likely than insured babies to be sick, they receive fewer hospital services. Uninsured children are the most likely to have no usual source of medical care - 28.8 percent, compared with only 2.3 percent of privately insured youngsters and 4.6 percent of children in public insurance programs.

In 2006, 9.4 million (12 percent) of children under 19 years of age in the United States lacked health insurance. The March of Dimes found that 5.5% of Hawaii children were uninsured between 2004 and 2006, ranking Hawaii number 1 as the state with the smallest rate of children without health insurance.

The Hawaii children's health care program through HB 989 would afford additional children health coverage and help Hawaii maintain its top ranking in covering kids.

Mahalo for the opportunity to present our support of this bill. We urge you to vote in favor of important legislation.