

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 9, 2009

**LATE**

The Honorable David Ige, Chair  
The Honorable Rosalyn Baker, Chair

Senate Committees on Health and Commerce and Consumer Protection

**Re: SB 173 – Relating to Universal Health Insurance**

Dear Chair Ige, Chair Baker and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of the intent of SB 173. This initiative seems to be attempting to provide health care coverage to individuals who do not fall under the Prepaid Health Care Act (PHCA) through a tax credit to employers and an individual mandate.

SB 173 represents an effort to assist partially employed people in this state who do not receive coverage under the PHCA. This group of people represents a section of Hawaii's population that currently "falls through the cracks". This bill strikes a balance between encouraging employers to do the right thing for their employees while not compelling them to do so. Given the current state of the economy in Hawaii, this is a measure which could make a difference for part-time employees.

The second initiative in this measure would create a purchasing pool through which all Hawaii residents would be required to purchase health care coverage. We believe that this proposal raises concerns with its language including:

- How would the Commissioner know when an individual has lost their existing health care coverage in order to enroll them into the purchasing pool within 90 days?
- There is no mechanism for the Commissioner to obtain household income information or to verify the information is accurate to calculate subsidy amounts.
- The inclusion of a religious exemption in order to not have to purchase mandatory coverage could result in a spiritual awakening for many Hawaii residents to avoid the mandate itself. What documentation would be required for this exclusion?
- The Commissioner would be tasked with all operational aspects of providing a health plan, from contracting and regulatory oversight down to the marketing. This could be considered a conflict of interest since his office regulates all plans in the state. Is it appropriate for the Commissioner to be contracting with health plans in this fashion?

- No potential health plans may be eliminated from participating in this contract based solely on the fact that they have a limited service area. With access issues at the forefront this seems counterintuitive.
- With premium rates set in statute (110% of median premium cost in Hawaii) there may be little interest by health plans to provide these services

It is important to note that a recently passed legislative initiative makes coverage available to some of those who do not fall under the PHCA. Last session, Act 120 was passed and requires health plans to offer group health care coverage to sole proprietors. Although few individuals have taken advantage of this plan, we believe that between the PHCA and proposals aimed at addressing each uninsured gap group, such as providing tax-credits to employers for their part-time employees, eventually Hawaii can provide universal coverage for its residents.

Additionally, with President Obama's Administration keenly interested in changing the way the health care system operates today, the legislature may wish to postpone any changes for now since there may be an opportunity to work collaboratively with federal initiatives in the future. Thank you for the opportunity to testify.

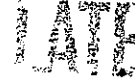
Sincerely,



Jennifer Diesman  
Assistant Vice President  
Government Relations

**LATE**

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

February 10, 2009  
8:30 am  
Conference Room 229

**SB 173 RELATING TO UNIVERSAL HEALTH INSURANCE**

Chairs Ige and Baker, and committee members thank you for this opportunity to provide testimony on this bill which seeks to expand health insurance coverage for individuals not now covered. The bill proposed to do this by providing a tax credit to employers who provide health insurance to their part-time employees and creating a health insurance purchasing pool.

**Kaiser Permanente Hawaii supports the intent of this legislation but we have a number of concerns.**

Section one of this bill provides a tax credit to employers who provide health care coverage for part-time employees by a prepaid group health care plan pursuant to chapter 393. While the coverage being proposed for part-time employees is what is provided under chapter 393 are the rules for part-time employees the same as full-time employees under the prepaid health care act? Specifically:

- Are all part-time employees in an employer group required to enroll? If not then it is more like an individual plan where participants can choose to join and frequently it is the less healthy who sign up.
- Are there minimum contribution requirements for employers and limitations on part-time employees?
- Are employers obligated to pay health plans the full premium and then collect the part-time employee's portion of the premium? If not, what happens if a part-time employee pays less than their portion of the monthly premium?
- Are there safeguards to prevent part-time employees from going on and off plans? Is there waiting period before becoming eligible? Are there a minimum number of work hours for part-time employees to qualify for coverage?
- Is this just for the part-time employees or can they have dependent coverage?

The second part of the bill creates the Hawaii Health Insurance Purchasing Pool. Our questions are:

- What are the penalties for not obtaining/maintaining creditable coverage?
- What if an individual had sufficient financial resource and wanted to self-insure themselves by paying directly for all medical services?
- What does the proposed rate buy? How can the law limit the contribution of the participant to between \$30 and \$200 not knowing the benefit design or total cost of plan?
- How will the 110% of the median price of health insurance offered within the State be calculated? The participants in the pool may be a higher risk than 110% of average community cost can cover. Who pays the difference? Are contracted carriers expected to take less than cost to make up any shortfall?

We appreciate your consideration of our concerns.



## Hawai'i Primary Care Association

345 Queen Street | Suite 601 | Honolulu, HI 96813-4718 | Tel: 808.536.8442 | Fax: 808.524.0347  
www.hawaiipca.net

To: **The Senate Committee on Health**  
The Hon. David Y. Ige, Chair  
The Hon. Josh Green, MD, Vice Chair

**The Senate Committee on Commerce & Consumer Protection**  
The Hon. Rosalyn H. Baker, Chair  
The Hon. David Y. Ige, Vice Chair

**Testimony in Support of Senate Bill 173**  
**Relating to Universal Health Insurance**  
**Submitted by Beth Giesting, CEO**  
**February 10, 2009, 8:30 a.m. agenda, Room 229**

The Hawaii Primary Care Association supports this bill, which would result in a plan for universal health insurance in Hawaii. While health insurance is not the equivalent of access, we firmly believe that it is a building block toward access.

We also note that health care is significant to Hawaii's economy, supporting training and many jobs, and that health care payments quickly cycle through many subsidiary businesses.

Thank you for the opportunity to testify in support of this measure.



Testimony to the Senate Committee on Health & Commerce & Consumer Protection  
Tuesday, February 10, 2009 at 8:30a.m.  
Conference Room 229

**RE: SENATE BILL 173 RELATING TO MEDICAL INSURANCE**

Chairs Baker & Ige, Vice Chairs Green & Ige and Members of both Committees:

The Maui Chamber of Commerce, a business organization with who mission it is to advance and promote a healthy economic environment for business, advocating for responsive government and quality education, while preserving Maui's unique community characteristics, strongly opposes this bill and asks that you do the same.

We are a membership driven organization comprised of over 900 members, 88% of which are small businesses with fewer than 25 employees, representing nearly 21,000 employees. We oppose this bill as it will require employers to provide pre-paid health insurance to ALL regular employees as it amends the definition of "regular employee" by removing the "20 hours or more per week" requirement to qualify for pre-paid healthcare.

The Chamber OPPOSES this measure because the passage of this WILL greatly increase the cost of doing business, something none of us can afford right now. Instead, we should further legislation that reduces costs and helps local businesses thrive, so that revenue is generated and jobs can be saved and created.

Therefore, we respectfully request that SB173 be held.

Sincerely,

Pamela Tumpap

President

## Eric Arquero

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**From:** HTHTestimony  
**Sent:** Tuesday, February 10, 2009 9:57 AM  
**To:** CPN Testimony  
**Subject:** FW: Testimony for SB173 on 2/10/2009 8:30:00 AM

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

**Categories:** Red Category

-----Original Message-----

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
Sent: Tuesday, February 10, 2009 8:43 AM  
To: HTHTestimony  
Cc: phahn86@gmail.com  
Subject: Testimony for SB173 on 2/10/2009 8:30:00 AM

Testimony for HTH-CPN 2/10/2009 8:30:00 AM SB173

Conference room: 229  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Pearl Hahn  
Organization: Individual  
Address: 100 Glen Eagle Drive NJ  
Phone: 908 6425832  
E-mail: [phahn86@gmail.com](mailto:phahn86@gmail.com)  
Submitted on: 2/10/2009

### Comments:

The Grassroot Institute respectfully opposes this bill due to its exorbitant cost, lack of safeguards, and high likelihood in failing to accomplish its goals. I first would question the wisdom of mandating health insurance coverage for all residents in a time of a \$1.8 billion state budget shortfall. This measure would incur high administrative costs for its operations with limited benefits. At the national level, benefits of government care amount to \$170 billion, but cost taxpayers up to \$340 billion (<http://www.cato.org/pubs/pas/pa527.pdf>). There is also a huge risk that the bill would lead to overuse of already limited medical services due to the doctor shortage, raising overall costs.

Expanding coverage for all children through Keiki Care proved that families with the ability to pay for insurance are willing to abuse the system to enroll in "free" health care. When originally implemented, after seven months, by October 2008, budget shortfalls forced Governor Lingle to drop "Keiki Care." HMSA has verified that only 88 children remained in their \$55/month Children's Plan following implementation of Keiki Care, and that enrollment dropped by over 90 percent. Clearly, the six month probation period had no effect on parents' decision to drop an affordable program and enroll in a "free" program. I see there is no provision to effectively address this problem of lack of safeguards in the bill.

Thank you for the opportunity to testify.