

LATE TESTIMONY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 2494, S.D. 2, H.D. 2

March 25, 2010

RELATING TO INSURANCE

Senate Bill No. 2494, S.D. 2, H.D. 2, requires the Employer-Union Health Benefits Trust Fund plans to allow enrollees to continue the same prescription drug coverage for current enrollees, and applies this provision retroactively to the 2009 Employer-Union Health Benefits Trust Fund open enrollment period. The bill also prohibits the Department of Human Services from requiring its approval for a Medicaid or QUEST health plan to deliver services through telehealth, and from requiring in-person health care visits to qualify telehealth services for coverage under these health plans.

We strongly oppose the bill as the amendments in Section 87A-16(c) will restrict the Employer-Union Health Benefits Trust Fund's ability to contract and/or bargain for the most cost-effective plans for its members.

Employer-Union Health Benefits Trust Fund rates were increased on July 1, 2009, and certain changes to the self-insured drug plan were implemented prior to the November-December 2009 open enrollment period. Contractual changes were made to the contract between the Employer-Union Health Benefits Trust Fund and the pharmacy benefit manager which were dependant upon certain changes to the drug plan. Implementation of the amendments in Section 87A-16(c) would be difficult as the intent of what the amendments are trying to achieve is unclear.

The Employer-Union Health Benefits Trust Fund self-insured plans lost a total of \$41 million for actives and \$16 million for retirees for a total FY 09 loss of \$57 million; however, with the implementation of recent plan changes, the plan lost \$1 million for actives and gained \$2 million for retirees for the period July 2009 through January 2010. Plan losses have been absorbed by the unrestricted cash reserves of the Employer-Union Health Benefits Trust Fund, which is at a critical operating level. If the Employer-Union Health Benefits Trust Fund is locked into a cost and/or not allowed to change plan benefits, the Employer-Union Health Benefits Trust Fund will be without a mechanism to offer plans that are the most cost-effective for both employees and employers.

HMSA



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March 25, 2010

The Honorable Marcus Oshiro, Chair
The Honorable Marilyn Lee, Vice Chair
House Committee on Finance

LATE TESTIMONY

Re: SB 2494 SD2 HD2— Relating to Insurance

Dear Chair Oshiro, Vice Chair Lee and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 2494 SD2 HD2. Part I of this measure would require EUTF to provide their members with prescription drug coverage which is identical to the prescription drug coverage they had been offered prior to changes being made to their prescription drug benefits. Part II of this measure would permit QUEST members gain access to telehealth services. We take no position on Part I of this measure and strongly support Part II.

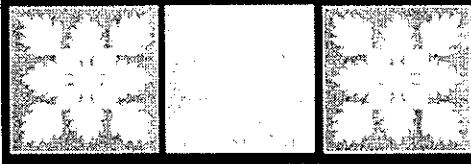
Part II of this measure would allow health plans to offer telehealth services to QUEST members. As you are aware, the Department of Human Services (DHS) stated that due to budgetary shortfalls, they will delay payments to contracted QUEST plans, beginning in April and extending through June. This announcement has spurred discussions centered around the long term viability of the QUEST program and how to rein in costs in order to ensure it is sustainable in the future.

A project being planned on the Big Island of Hawaii may provide additional opportunities for QUEST members to access care in their communities which could help to decrease the incidence of individuals visiting the emergency room for non-emergent services. A medical van designated to operate on the Big Island has been funded and is currently in the planning stages. One large component of this effort is to enable the van to connect to specialists and other providers via telehealth services. Currently DHS will not allow QUEST members to access certain types of telehealth services such as HMSA's Online Care. We believe that the provision of services through this method could end up containing costs for the QUEST plans by ensuring that members with chronic diseases maintain their good health and those needing to see a physician are able to do so instead of potentially visiting the ER. We strongly support the language contained in Part II and would request the Committee see fit to pass this language as a means to increase access for QUEST members and to assist in containing cost.

Thank you for the opportunity to testify today.

Sincerely,

Jennifer Diesman
Vice President
Government Relations



Hawaii Association of Health Plans

March 25, 2010

The Honorable Marcus Oshiro, Chair
The Honorable Marilyn Lee, Vice Chair
House Committee on Finance

Re: SB 2494 SD2 HD2– Relating to Insurance

LATE TESTIMONY

Dear Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Howard Lee 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 health plans would like to express support for the initiative being proposed in Part II of this measure to allow QUEST plans expand on the types of telehealth services they may currently provide and appreciates the opportunity to provide comments on SB 2494 SD2 HD2 Part I which would require EUTF allow its members to receive prescription drug benefits which are identical to those offered by their previous plan.

Although Part I of this measure currently only applies to EUTF members, the previous language included all health plans within its scope and was extremely problematic. While we are appreciative that the measure has been amended, we would like to take the opportunity to point out some of the concerns we found with the prior version of SB 2494 SD2 HD2.

The original version would have put a tremendous burden on employers and union groups since they would have ended up with multiple drug plans, different premium rates, and different benefit coverage for their employees. We also believe that the previous language in SB 2494 SD2 HD2 constituted an Employee Retirement Income Security Act (ERISA) violation because it contains a “semi-portability” requirement and would have faced additional challenges as to its legality.

Again, HAHP takes no position on the current language contained in SB 2494 SD2 HD2 Part I but wanted to raise some concerns with previous versions of this measure to alert the Committee to the dangers inherent in the earlier draft of the bill. Thank you for the opportunity to provide testimony.

Sincerely,



Howard Lee
President