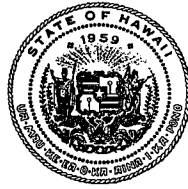


SB 795

LINDA LINGLE
GOVERNOR OF HAWAII



CHIYOME LEINAALA FUKINO, M.D.
DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

Senate Committees on Health and Commerce and Consumer Protection

S.B. 795, RELATING TO HEALTH INSURANCE

Testimony of Chiyome Leinaala Fukino, M.D.
Director of Health

February 23, 2009, 3:00 pm

1 **Department's Position:** The Department of Health (DOH) supports the intent that private health
2 insurance will cover early intervention (EI) services for children age 0-3 years with or at risk for
3 developmental delays. However, to be consistent with Part C of the Individuals with Disabilities
4 Education Act (IDEA), this bill should exclude music services as a covered service; assure that the
5 inability of the family of an infant or toddler to pay for EI services will not result in a delay or denial of
6 services to the child; and address the identification of services by an EI team.

7 **Fiscal Implications:** Health insurance coverage for EI services will support the DOH in providing EI
8 services for children age 0-3 years under Part C of IDEA. The DOH will need additional funds to
9 convene the temporary EI services benefits and coverage task force and reimburse members for
10 expenses necessary to perform their duties.

11 **Purpose and Justification:** This bill proposes health insurance coverage for medically necessary EI
12 services including both rehabilitative therapy and developmental therapy to a maximum of \$75,000 per
13 year. This will support the DOH in its provision of EI services for infants and toddlers under age 3
14 years with or at risk for developmental delays who are eligible under Part C of IDEA.

15 The bill lists music therapy as a service covered by this bill. However, music therapy is not a
16 service mandated by Part C of IDEA and should be excluded from this bill.

1 The bill requires copayment, deductible, and coinsurance provisions to the extent that other
2 medical services covered by the policy are subject to these provisions. However, under Part C of IDEA,
3 the State must assure that the inability of families to pay for EI services will not result in a delay or
4 denial of services to the child, and that the child is provided all EI services at no cost to the family. To
5 be consistent with Part C of IDEA, an option for this bill is to not require copayments or deductibles for
6 families that cannot afford this cost.

7 The bill requires that EI services must be prescribed, provided, or ordered by a licensed
8 physician, psychologist, or registered nurse practitioner. This requirement is not consistent with Part C
9 of IDEA, which requires the identification of needed services by an EI team, which includes the family,
10 based on a multidisciplinary comprehensive developmental evaluation. In addition, an Individualized
11 Family Support Plan (IFSP) must be developed and EI services must be started within federal timelines.

12 The bill calls for the Children with Special Health Needs Branch (CSHNB) to convene a
13 temporary EI services benefits and coverage task force. This task force may not be necessary. The
14 Hawai'i Early Intervention Coordinating Council (HEICC) is appointed by the Governor and has
15 members similar to those identified by this bill. However, neither the CSHNB nor the HEICC has the
16 necessary resources to carry out the duties identified in the bill and to address the areas of the bill that
17 are not consistent with Part C of IDEA. Additional resources will be needed.

18 Thank you for the opportunity to testify.

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

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

February 23, 2009

MEMORANDUM

TO: Honorable David Y. Ige, Chair
Senate Committee on Health

Honorable Rosalyn H. Baker, Chair
Senate Committee on Commerce and Consumer Protection

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 795 – RELATING TO HEALTH INSURANCE**

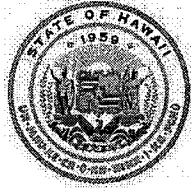
Hearing: Monday, February 23, 2009, 3:00 PM.
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to require all health insurers, mutual benefit societies, and health maintenance organizations to provide mandatory coverage for all policyholders, members, subscribers, and individuals from birth to age three for medically necessary early intervention services.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of S.B. 795 for private health insurance coverage of medically necessary early intervention services for infants and toddlers from birth to age three. DHS respectfully recommends amending the language in the bill to be consistent with the Individuals with Disabilities Act (IDEA) Part C, and include the assurance that parent's inability to pay any co-payment fees will not delay and/or prevent a child from receiving the medically necessary services.

DHS does not support the formation of a temporary early intervention task force to identify problems faced by parents of children who receive medically necessary early intervention services and make recommendations to ensure proper medical and mental health benefits and services are provided through private and public resources. The Hawaii Early Intervention Coordinating Council (HEICC), administered by the Department of Health (DOH), can provide that information as these are part of their overall goals.

Thank you for the opportunity to testify on this bill.



STATE OF HAWAII
STATE COUNCIL
ON DEVELOPMENTAL DISABILITIES
919 ALA MOANA BOULEVARD, ROOM 113
HONOLULU, HAWAII 96814
TELEPHONE: (808) 586-8100 FAX: (808) 586-7543
February 23, 2009

The Honorable David Y. Ige, Chair
Senate Committee on Health
and

The Honorable Rosalyn H. Baker, Chair
Senate Committee on Commerce and Consumer Protection
Twenty-Fifth Legislature
State Capitol
State of Hawaii
Honolulu, Hawaii 96813

Dear Senators Ige and Baker and Members of the Committees:

SUBJECT: SB 795 – RELATING TO HEALTH INSURANCE

The position and views expressed in this testimony do not represent nor reflect the position and views of the Department of Health (DOH).

The State Council on Developmental Disabilities (DD) **SUPPORTS THE INTENT OF SB 795**. The bill requires all health insurers, mutual benefit societies, and health maintenance organizations to provide mandatory coverage for all policyholders, members, subscribers, and individuals from birth to age three for medically necessary early intervention services.

We are aware that Section 23-51, Hawaii Revised Statutes (HRS), requires concurrent resolutions to be passed by the Legislature requesting the Legislative Auditor to prepare and submit a report to the Legislature that assesses both the social and financial effects of the proposed mandated coverage. Therefore, we fully understand that SB 795 cannot move forward until the Auditor completes the above report.

In its initiative to address mandatory insurance coverage for early intervention services, the Legislature introduced S.B. 2948 during the 1998 legislative session. As a result, SCR 48 SD1 HD1 was adopted that requested the Auditor to perform a sunrise review of the proposed mandatory health insurance coverage for early intervention services. The Auditor completed the sunrise review (Report No. 99-7) and concluded that "if the Legislature wishes to enact S.B. No. 2948 or any legislation to mandate private insurance coverage for early intervention services, the concerns raised by insurers, employer organizations, and others should be addressed. Clear communication and an agreement between the affected parties would be needed."

The Honorable David Y. Ige
The Honorable Rosalyn H. Baker
Page 2
February 23, 2009

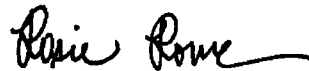
SCR 17 - Mandating Coverage of Early Intervention Services for Infants and Children from Birth to Age Three has been introduced to address the requirements of Section 23-51, HRS, before SB 795 or any other legislation be enacted to address mandated insurance coverage for early intervention services. The Council will offer its amendments to SCR 17 at the appropriate hearing to address the concerns raised in the Auditor's report.

Thank you for the opportunity to present testimony supporting the intent of SB 795.

Sincerely,



Waynette K.Y. Cabral
Executive Administrator



Rosie Rowe
Chair



Monday, February 23, 2009 - Conference Room 016: 3:00 pm

The Senate Committee on Health

To: Senator David Y. Ige, - Chair
Senator Josh Green, MD - Vice Chair

The Senate Committee on Commerce & Consumer Protection

To: Senator Rosalyn H. Baker - Chair
Senator David Ige, MD - Vice Chair

From: Susan LaFontaine
Director of Rehab Services

**RE: Testimony in Support of SB 795: Relating to Health Insurance
With concern & suggested amendment**

My name is Susan LaFontaine and I am the Director of Rehabilitation Services at Kapi'olani Medical for Women & Children (KMCWC). The Kapi'olani Medical Center for Woman & Children is an affiliate of Hawaii Pacific Health (HPH), which is the four-hospital system that also includes Kapi'olani Medical Center at Pali Momi, Straub Clinic & Hospital, and Wilcox Hospital/Kauai Medical Clinic.

KMCWC supports SB795 which would provide medical insurance coverage for medically necessary early intervention services however on the condition the additional coverage is in addition to - and not in place of - early intervention services presently provided by the Department of Health. Many infants and children continue to have serious medical conditions that effect their development and require management by medically trained providers. These include but are not limited to congenital cardiac, oncology, orthopedic, hematology conditions; failure to thrive; and visual and auditory deficits.

While we see great potential benefit that SB 795 has for families with medical complex infant and toddlers, we would want to ensure that these services are most effectively integrated into the entire care plan and early intervention system. We ask that special attention to the integration of care be addressed by the proposed Task Force.

We would also like to suggest that given KMCWC's involvement in the providing medical care to this population of high risk children, we request that a KMCWC representative also be added onto the proposed task force. Thank you for the opportunity to testify.

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 23, 2009

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

Senate Committees on Health and Commerce and Consumer Protection

Re: SB 795 – Relating to Health Insurance

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in opposition to SB 795.

The proposal contained in SB 795 would radically shift the way that these children and their families receive services today. Not only would the provision of services change, but the cost would shift from the state to the private sector, with employers bearing the brunt of a cost increase. With an annual cap of \$75,000 per child in the bill for services, premium costs will see a marked increase. We also feel that under the definitions of “biological risk”, “environmental risk” and “delayed development” almost any child in the state would qualify to receive these expanded services. We also have concerns that the provision of early intervention services do not have to be provided by licensed and credentialed individuals and that some of these services are not covered by health plans due to concerns around their efficacy (such as music therapy).

We would also point out that over the interim the Autism Disorders Spectrum Benefits and Coverage Task Force was convened to exam issues around the provision of autism services within the community. The Task Force examined a potential mandate to provide like services for children with autism spectrum disorders and also discussed the potential application of an annual monetary cap. The State Auditor is in the process of preparing a study to examine the social and financial impact of requiring plans to provide these additional services. We believe that since there is some overlap in the language and goals of this measure that the Auditor study could provide useful in this discussion.

That being said, we would however, also state that if it is the Committee’s will to move this measure forward that the Auditor be requested to perform a study on its implication as well. We believe that the broad language, large monetary cap and increase in benefits could have a large impact. With health care costs continuing to escalate we would request studying the impact that requiring such benefits will have on the cost of health care.

For the reasons mentioned above, we would respectfully urge the Committees to hold SB 795. Thank you for the opportunity to provide testimony today.

Sincerely,

A handwritten signature in black ink, appearing to be 'JD' followed by a long horizontal stroke.

Jennifer Diesman
Assistant Vice President
Government Relations



SENATE COMMITTEE ON HEALTH
Senator David Ige, Chair

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn Baker, Chair

Conference Room 016
February 23, 2009 at 3:00 p.m.

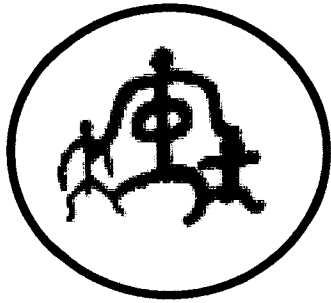
Testimony in opposition to SB 795.

I am Rich Meiers, President and CEO of the Healthcare Association of Hawaii, which represents the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers. I regret that I shall not be able to present testimony in person due to a previous commitment. However, I appreciate this opportunity to submit written testimony in opposition to SB 795, which mandates health insurance coverage for medically necessary early intervention services for children with special needs.

At the outset, let me say that the intent of this bill is noteworthy since it addresses potentially serious medical conditions. At the same time, however, Hawaii's Prepaid Health Care Act (PHCA) was never meant to provide total coverage for all illnesses, injuries, and diseases because of the high costs that would be incurred. These high costs would then be reflected in health care insurance rates paid by employers and employees. Rather, the PHCA was meant to provide basic coverage to a broad population.

It is true that this bill would affect only a portion of those who are covered by health care insurance. As such, it would add only a small cost. However, there are many different types of mandates that have been proposed in the past, that are currently being proposed, and no doubt will be proposed in the future. In the eyes of their advocates, all of these mandates are equally worthy. However, the adoption of all of these mandates would increase health care insurance costs significantly.

For the foregoing reasons, the Healthcare Association of Hawaii opposes SB 795.



HAWAI'I EARLY INTERVENTION
COORDINATING COUNCIL

1350 South King St. Suite 200 ☞ Honolulu Hawai'i 96814

Date: February 22, 2009

To: COMMITTEE ON HEALTH
Senator David Ige, Chair
Senator Josh Green, MD, Vice Chair

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn Baker, Chair
Senator David Ige, Jr., Vice Chair

Fr: Leolinda Parlin, Chair, Hawaii Early Intervention Coordinating Council

Re: **SUPPORT THE INTENT** – SB795 – Relating to Health Insurance for EI

On behalf of the Hawai'i Early Intervention Coordinating Council (HEICC), we **support the intent** of SB795 which requires all health insurers, mutual benefit societies, and health maintenance organizations to provide mandatory coverage for all policyholders, members, subscribers, and individuals from birth to age three for medically necessary early intervention services.

The Council fully supports the expansion of potential revenue sources to fund our mandated services. The Council is also cognizant that while this bill seeks mandatory coverage, Section 23-51 of the Hawai'i Revised Statutes also mandates that the legislative auditor review the social and financial effects of such legislation. We would like to thank the Senate for drafting SCR 17 as the vehicle to promote further discussion and move forward this opportunity to supplement our diminishing state dollars.

T Council offers the following comments and amendments:

1. Benefit limit

The annual cap of \$75,000 is extremely generous. However, the Council would defer to the Department of Health in identifying the actual amount. It is our understanding the per child cost to the program ranges from \$6,000 - \$17,000. A cap as large as the one offered may inadvertently skew the legislative auditor's findings on the financial effects.

2. Copayments, deductibles and coinsurance

We ask that this section (d) be amended as follows:



(d) Coverage under this section shall **not** be subject to copayment, deductible, and coinsurance provisions of a health insurance policy ~~to the extent that other medical services covered by the policy are subject to these provisions.~~

The provisions of IDEA require that measures are taken to insure that a family's inability to pay for services does not result in a delay or denial of services, and if there is an ability, the services must be provided at no cost to the family. By amending subsection (d) we will be taking the necessary steps to be compliant with IDEA.

3. Elimination of unintended negative outcomes

We also humbly ask that the following language be inserted into the bill:

For the infant or toddler with special needs and family covered under this section, payment under this section shall not be applied against any maximum lifetime or annual limits specified in the policy, health benefits plan or contract; shall not negatively affect the availability of health insurance; shall not be the basis for discontinuing health insurance coverage; and shall not be the basis for increasing the health insurance premiums.

It is possible, for a child with severe and complex medical conditions to reach their lifetime cap, prior to becoming an adult. In many instances, this may render the child "uninsurable". It is the position of the Council that through this opportunity, we make sure we do not inadvertently jeopardize any child's access to health coverage.

4. Task Force

A subcommittee of the Council had met throughout the last quarter of 2008 to discern the feasibility of accessing revenue through private insurance. An analysis was completed related to the legislation and operational impact of other states. For this reason, there would be no need to convene a legislative task force.

5. Services

The Council asks that you consider in the language of the bill to exclude specific mention of services by name and cross reference the services to the Early Intervention State Plan. This request is made to eliminate the need to change this piece of the law each time the state plan or IDEA changes.

Thank you for your time and consideration. The Council is available to answer any questions of the committee.

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