

TESTIMONY

SEC 239

**JORY WATLAND**  
3030 HOLEUA PLACE  
HONOLULU, HAWAII 96819  
808 847-2301

**TESTIMONY**  
**SCR 239, SR 119**

Room 224  
3/30/2010  
2:45 PM

Senate Labor Committee

Chair Takamine and Members of the Committee:

**I urge your support for SCR 239 and SR119.**

As we move toward Universal Health in Hawaii, the implications of the Medicaid 1115 Waiver, the Hawaii Prepaid Healthcare Act, and the Public employees and retirees under the Employer-Union Trust Fund need to be evaluated in the light of the newly adopted Federal health care legislation.

By consolidating what is currently budgeted in the State with the new Federal initiatives Hawaii may be able to move toward being the first State in the country to provide a model for the U.S. of affordable, comprehensive, universal care.

The information this resolution will generate from the State Auditor will enable the Legislature in 2011 to establish Universal Health in Hawaii.

**Jory Watland, member**  
**Health Care for All Hawaii**



888 Mililani Street, Suite 601  
Honolulu, Hawaii 96813-2991

Telephone: 808.543.0000  
Facsimile: 808.528.4059

[www.hgea.org](http://www.hgea.org)

The Twenty-Fifth Legislature, State of Hawaii  
Hawaii State Senate  
Committee on Labor

Testimony by  
Hawaii Government Employees Association  
March 30, 2010

S.C.R. 239/S.R. 110 – REQUESTS THE OFFICE  
OF THE AUDITOR TO REVIEW AND COMPARE  
THE HEALTH CARE BENEFITS AVAILABLE  
UNDER THE MEDICAID PROGRAM, THE  
PREPAID HEALTH CARE ACT AND THE  
EMPLOYER-UNION TRUST FUND

The Hawaii Government Employees' Association, AFSCME Local 152, AFL-CIO does not support S.C.R. 239 and S.R. 119 as currently drafted. These resolutions appear to be dated and do not take into account the sweeping health care reform legislation recently passed by Congress and signed by the President. The health care reform legislation will require most U.S. citizens and legal residents to have health insurance which they can purchase through health benefits exchanges with premium and cost-sharing credits available to individuals and families with income between 133-400% of the federal poverty level (FPL).

One of the important provisions is the expansion of Medicaid to all individuals under age 65 with incomes up to 133% of the FPL based on modified adjusted gross income. To insure coverage for the newly eligible, states will receive 100% federal funding from 2014 through 2016. It appears that at least some of the requests for review by the Auditor are no longer necessary because of federal health care reform.

Another concern we have is that the resolution does not recognize the serious problems with the EUTF, which we are trying to correct through legislation this session. We believe that benefits are an integral part of employee compensation and should be negotiated between unions and employers as in the private sector. The current EUTF system is broken and needs fundamental change now. The EUTF has not achieved the savings as promised to employers and employees.

As presently organized, the EUTF is not providing affordable health care to public employees, who are not covered by the Prepaid Health Care Act. EUTF premiums are unaffordable for employees who need family coverage and those who are at lower pay range. By negotiating both premiums and benefits, unions can identify benefit features that can be reduced or restructured without eliminating key coverage areas. Another objective of negotiating benefits is to promote preventive care while discouraging care that is not needed.

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We suggest that these resolutions focus on: 1) covering private sector employees and their families earning less than 300% of the FPL under the Medicaid Act regardless of whether the employee is currently covered under the Prepaid Health Care Act; and 2) using the amount of the employer's payment for coverage under the Prepaid Health Care Act to reimburse the state for its portion of the state match to pay for coverage of private employees who are eligible for Medicaid because they earn less than 300% of the FPL.

Thank you for the opportunity to testify on S.C.R 239 and S.R. 119.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nora A. Nomura". The signature is fluid and cursive, with a long horizontal stroke at the end.

Nora A. Nomura  
Deputy Executive Director

SCR 239, SR 119  
Tuesday March 30, 2010  
2:45 pm

Senate Committee on Labor

Dear Senator Takamine and Committee Members

I urge the passage of SCR 239 and SR 119 which asks that the Legislative Auditor to determine the whether more people can be covered under the Medicaid program if their incomes are below 300% of the federal poverty program. The purpose of this report is to help the legislature plan for the future by developing a way to leverage state funds to provide health care for more people.

With the passage of health care reform by Congress, states should look at various ways to cover more people who cannot afford health care. Under the Hawaii Prepaid Health Care Act, employees who work less than 19 hours per week cannot get coverage. If they earn more than the current medicaid income levels, they cannot get health care coverage through medicaid. However, if they earn less than 300% of the federal poverty level, they could get medicaid coverage if Hawaii is allowed to raise it's medicaid income levels to that amount. Medicaid has a program which allows states to raise their income levels to 300% of the federal poverty level called the 1115 waiver program.

There are also many public sector employees and retirees who may also qualify for medicaid because their incomes are under the 300% of the federal poverty level. Of course, medicaid coverage requires the state to pay for a portion of the coverage. This is called the state match. For public sector employees and retirees, the state pays for medical coverage from the Employee Union Trust Fund (EUTF). These funds could be used as the state match to cover state employees and retirees.

For private employees the state match could possibly be provided by their employers or the employee.

There may be technical problems with using medicaid to cover private employees, and public employees and retirees. The Auditor's Report will determine whether we can leverage state funds to cover more people up to 300% of the poverty level.

John Ishihara