



**Testimony to the Senate Committees on Health and
Commerce & Consumer Protection
Tuesday, March 22, 2011 at 9:45 a.m.
Conference Room 229, State Capitol**

RE: HOUSE BILL NO. 1134 HD1 RELATING PREPAID HEALTH CARE

Chairs Green and Baker, Vice Chairs Nishihara and Taniguchi, and Members of the Committees:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber has comments on HB 1134 HD1 relating to Prepaid Health Care.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

This measure repeals part V of the Hawaii Prepaid Health Care Act and Act 99, Session Laws of Hawaii 1994, relating to the future termination of the prepaid health care law. Effective July 1, 2050. (HB1134 HD1).

The Hawaii Legislature recognized in 1994 that it does not have the authority to substantively amend the Prepaid Health Care Act. This bill is a well meaning attempt to undo what was done, but like its predecessor cannot have any legal effect based on the narrow exception to the Employee Retirement Income Security Act (ERISA) granted Hawaii's law.

The Chamber believes the people of Hawaii need time to understand the benefits of the Affordable Care Act (ACA) passed last year before determining which model will hold down costs. When the Prepaid Health Care Act was passed, employees were expected to share equally in the cost of premiums capped at 1.5% of their income. We all recognize that health care costs exceed that percentage across the country and in Hawaii the differential is borne by businesses small and large. The extra costs could be alleviated partially under the ACA. However, as a community we need to have an open debate on whether the Prepaid Health Care Act or ACA is preferred.

The Chamber of Commerce is in favor of any measures that will foster that debate and serious discussion. Thank you for the opportunity to submit comments.



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**LATE
TESTIMONY**

To: Senate Committee on Health
Senator Josh Green, M.D., Chair

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

Date: March 22, 2011, Conference Room 229, 9:45 a.m.

Re: **HB 1134, HD1 - RELATING TO PREPAID HEALTH CARE**

Chair Green, Chair Baker, and Committee Members:

My name is Barbara Kim Stanton, State Director of AARP Hawaii. AARP is a membership organization of people 50 and older with nearly 150,000 members in Hawaii. We are committed to championing access to affordable, quality health care for all generations, providing the tools needed to save for retirement, and serving as a reliable information source on issues critical to Americans age 50+.

AARP **supports HB 1134, HD1** which would repeal the sunset provision of the Hawaii Prepaid Health Care Act (PHCA) and Act 99, Session Laws of Hawaii 1994, relating to the future termination of the prepaid health care law.

The Hawaii PHCA includes a provision repealing the law:

§ 393-51 Termination of Chapter. This Chapter shall terminate upon the effective date of federal legislation that provides for voluntary prepaid health care for the people of Hawaii in a manner at least as favorable as the health care provided by this chapter, or upon the effective date of federal legislation that provides for mandatory prepaid health care for the people of Hawaii.

The Legislature also enacted Act 99, Session Laws of Hawaii 1994, which repeals the Hawaii PHCA's termination clause upon the effective date of any federal act permitting an amendment of the Hawaii PHCA.

The federal government enacted the Patient Protection and Affordable Care Act in 2010 which may cause the termination of the Hawaii PHCA due to the sunset provision in the law. However, it is vital that Hawaii's PHCA should remain in place while the federal laws are fully enacted. The Hawaii PHCA contains many provisions which were groundbreaking and should be used as the minimum "floor" for any federal legislation. Furthermore, as the federal Patient Protection and Affordable Care Act is implemented and potentially revised, the Hawaii PHCA provides the state with assurance that baseline provisions will continue, and not be prematurely terminated.

AARP strongly supports the implementation of the Patient Protection and Affordable Care. However, until it is fully implemented we feel that it is in Hawaii's best interest to continue and take advantage of the provisions in Hawaii's PHCA that has resulted in a near universal health care coverage system in Hawaii. AARP therefore strongly supports HB 1134, HD1.

Thank you for the opportunity to testify.