LATE TESTIMONY

TESTIMONY BY BARBARA CORIELL
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1810, H.D. 1

February 28, 2012, 10:00 a.m.

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Chairperson Oshiro and Members of the Committee:

First, I would like to say that the EUTF Board of Trustees has not taken a position on this bill. However, as Administrator of the Hawaii Employer-Union Health Benefits Trust Fund I can say that I support the intent of this bill and we have begun discussions around this topic with our Benefits Committee.

However, I would like to suggest that rather than legislatively mandate that EUTF plans have lower deductable and co-pays for non-tobacco smokers and other persons at low risk, you turn this bill into a resolution which would allow EUTF and its Board to explore these concepts to see how best they can fit into our health plans.

Thank you for the opportunity to testify on this matter.

NEIL ABERCROMBIE
GOVERNOR OF HAWAII

LATE TESTIMONY

LORETTA J. FUDDY, A.C.S.W., M.P.H.
DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
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In reply, please refer to:
File:

HOUSE COMMITTEE ON FINANCE

HB1810, HD1, RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Director of Health

February 28, 2012
10:00AM, Rm. 308

Department's Position: The Department of Health appreciates the Legislature's intent and offers comments.

Fiscal Implications: Fiscal implications to the general funds are not known.

Purpose and Justification: The HD1 measure would require that the Hawaii Employer-Union Health Benefit Trust Fund (EUTF) include in every health benefit plan established or contracted, lower deductibles, and co-payments for non-tobacco users and other persons of low risk as determined by medical professionals and stipulating that genetic factors and pre-existing medical conditions would not be included in determining low risk. The Department respectfully offers the following comments:

- **Reducing Deductibles and Co-payments for Cigarette Smoking:** It is universally agreed that cigarette smoking is a known risk to one's health and the health of those who are exposed to tobacco smoke. Yet, there is no strong evidence base to support the premise that reducing deductibles and co-payments will decrease tobacco use.

- **And Other Persons of High Risk (Section 2(c), page 2, lines 6 and 7):** It remains subjective and a 'slippery slope' to traverse to include the undefined term of "other persons of high risk".

Persons who consume sugar sweetened beverages, who are overweight, who have a chronic or communicable disease, or engage in lifestyle risks could, under the vague language of this bill, be excluded from a lesser deductible and co-payment designation.

- **Funds available for Medical and Healthcare:** With only 14.5% of Hawaii's adult residents reporting being regular smokers, that would mean 85.5% of the population would be eligible for the deductions proposed. This could result in fewer dollars available for payment of medical and health cure costs, given that any rate changes would need to be approved under current law.

Thank you for the opportunity to offer comments.

LATE TESTIMONY

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Testimony in opposition to HB 1810, HD1 "Relating to the Hawaii Employer-Union Health Benefits Trust Fund

The American Heart Association opposes HB 1810, HD1.

The American Heart Association is an evidence-based organization. There is no evidence that charging people more or less for their health insurance based on their behaviors actually makes people change behavior in anything but the short term, especially when we have an entire economic and social culture that makes it difficult for people to make the healthy choice and keep making it. The AHA supports efforts to promote healthy behaviors and disease prevention that are based on sound medical and public health practices that we know work and don't threaten people's access to affordable health care.

As health care costs continue to skyrocket, employers are considering innovative strategies to reduce their costs. Many employers are offering comprehensive worksite wellness programs that have tremendous return on investment and improve employee health and productivity. The American Heart Association is a long-time supporter of these programs and wholeheartedly endorses their implementation, creating a culture of health in an environment where a majority of adults spend a large part of their day. These benefits were recently detailed in an AHA policy statement (Worksite wellness programs for cardiovascular disease prevention. Circulation. 2009. Found at: http://circ.ahajournals.org/content/120/17/1725.full?sid=3357d63f-f0a2-4aeb-862c-59e4a6523e1f)

The AHA opposes holding employees accountable for achieving health behavior outcomes or health metrics without significant consumer protections to prevent these programs from being used as a subterfuge for discrimination based on health status. Health is impacted by factors that are sometimes beyond lifestyle behaviors, such as genetics, family history, gender, and age. Additionally, many employees, especially the most vulnerable, do not have access to healthy, affordable foods, or safe spaces to be physically active in their communities, or they are overwhelmed with child care or elder care. Penalizing employees for their health status violates one of the major purposes of health reform -- preserving and expanding access to affordable, adequate, high quality insurance coverage for all Americans. Increasing premiums or deductibles if employees can't reach certain health/behavior metrics will deny them access to the very care they need, especially for the most vulnerable employees where chronic disease incidence and unhealthy behaviors are highest.

The AHA's concern is based on the following issues:

- The proposed law does not provide a clear definition of "low risk health behaviors," leaving it open to many interpretations.

- Evidence does not show that financial incentives have been effective in achieving sustained health improvements, particularly for weight loss. Some studies show favorable outcomes, especially if the financial incentives are sufficient. However, a systematic review that included randomized controlled trials found that incentives do not enhance long-term success – early gains reversed when rewards were no longer offered. A larger review of economic incentives relating to a larger spectrum of preventive health behaviors found that economic incentives worked 73% of the time, especially for the short-term and for simple preventive care with distinct, well-defined behavioral goals such as vaccinations. However, it was not clear what size incentive was required to maintain a sustained effect. Many of these studies were limited by small numbers of participants, cross-sectional designs, and/or very modest awards. Future research needs to evaluate the short- and long-term impact of financial incentives on behavior change, whether positive or negative incentives have the greatest impact, and whether there are unintended consequences such as employees choosing to delay care or not adhere to their medication protocol because they cannot afford to participate in their health care plans. Also, whether extrinsic motivation like

incentives has longer term efficacy or more impact than intrinsic motivation and a person's readiness to change.

- Evidence does show that individuals delay needed health care because of cost. High deductible benefit designs requiring significant cost-sharing may create real barriers to preventive care and disease management and lead to higher medical costs over the long-term.

- Privacy issues are important. Some employees may not want their employers to know about certain health conditions, worrying that they might impact future promotion or employment opportunities or they simply want to keep this information private.

- Evidence-based workplace wellness programs are a better option for controlling healthcare costs and can be a win-win for employers, as long as specific standards are well defined. A comprehensive program aimed at improving employees' cardiovascular and general health should include tobacco cessation and prevention, regular physical activity, stress management/reduction, early detection and screening programs, nutrition education and promotion, weight management, disease management, cardiovascular disease education, and changes in the work environment to encourage healthy behaviors and promote occupational safety and health..

The AHA is very concerned that implementation of financial incentives around health behavior outcomes will have deleterious consequences on access to quality, affordable health care especially for the most vulnerable employees.

Respectfully submitted,

Donald B. Weisman

Donald B. Weisman
Hawaii Government Relations/Mission:Lifeline Director