



**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
www.hawaii.gov/labor
Phone: (808) 586-8842 / Fax: (808) 586-9099
Email: dllr.director@hawaii.gov

January 28, 2011

To: The Honorable Ryan I. Yamane, Chair
and Members of the House Committee on Health

Date: Friday, January 28, 2011
Time: 9:30 a.m.
Place: Conference Room 329, State Capitol

From: Dwight Y. Takamine, Interim Director
Department of Labor and Industrial Relations

**Testimony in Opposition of
H.B. No. 407 Relating to the Hawaii Prepaid Health Care Act**

I. OVERVIEW OF PROPOSED LEGISLATION

The proposal amends Section 393-7(d) by allowing representatives from health care provider organizations to serve on the Prepaid Health Care Advisory Council, and by increasing the number of members on the Council from seven to nine.

II. CURRENT LAW

The current statute provides for a Prepaid Health Care Advisory Council to advise the Director of Labor and Industrial Relations on a health care plan's compliance with statutory benefit standards. The Council is appointed by the Director and presently consists of seven members representing the medical and public health professions, consumer interests, and prepaid health care protection. The law disallows representation by health maintenance organizations, mutual benefit societies, and other health care organizations.

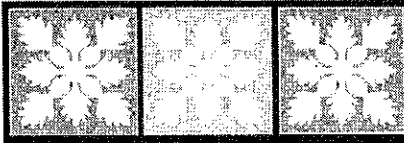
III. HOUSE BILL

The department opposes this proposal for the following reasons.

The change is unnecessary as a physician is currently sitting on the council as a medical and public health profession representative and can represent the health care provider interests. This physician brings with him the experience of having previously served on the council

for several years while a member of a health care provider organization.

The department is concerned that increasing Council membership from seven to nine members will require more members to constitute a meeting quorum. The Council has had difficulty attaining the current quorum of four, as Council members are occasionally unavailable for meetings.



Hawaii Association of Health Plans

January 27, 2011

The Honorable Ryan Yamane, Chair
The Honorable Dee Morikawa, Vice Chair
House Committee on Health

Re: HB 407 – Relating to Health Care

Dear Chair Yamane, Vice Chair Morikawa 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 eight (8) member organizations:

AlohaCare
Hawaii Medical Assurance Association
HMSA
Hawaii-Western Management Group, Inc.

Kaiser Permanente
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 appreciates the opportunity to testify in opposition to HB 407 which would expand the membership of the Prepaid Health Care Council (Council) by two to include representation from health care provider organizations.

Under Hawaii’s Prepaid Health Care Act (PHCA), the Council has much power over the structure of health care plans which can be offered under the law. All major benefit changes must go before the Council including those proposed by existing plans, employers or plans just entering the state. The Council provides the Director of the Department of Labor and Industrial Relations with a recommendation on whether proposed changes meet the minimum PHCA requirements.

The current makeup of the Council mostly consists of individuals involved with the provision of employee benefits, with someone from the legal profession and a physician. We believe that the current Council represents all community stakeholders effectively and do not feel that the scope of those on the Council needs to be expanded. In short, there

does not seem to be a problem with the Council and its ability to function which would require expansion of the membership to include additional constituencies.

In light of this, we would respectfully request the Committee see fit to hold this measure. Thank you for the opportunity to offer comments today.

Sincerely,

A handwritten signature in black ink that reads "Howard Lee". The signature is written in a cursive, flowing style.

Howard Lee
President



HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

Conference Room 329
Jan. 28, 2011 at 9:30 a.m.

Supporting HB 407.

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. Thank you for this opportunity to testify in support of HB 407, which mandates the representation of health care organizations on the Prepaid Health Care Advisory Council, which advises the Director of Labor on health plans that may operate in Hawaii.

Hawaii's Prepaid Health Care Act (PHCA) requires all health care plans to be approved by the Director of Labor as meeting prescribed minimum standards. Such determination is made under the advisement of a seven-member Prepaid Health Care Advisory Council. In recent years, health plans have been approved that increase cost sharing, which affects access to care.

Currently, the Prepaid Health Care Advisory Council is required by law to include representatives of the medical and public health care professions, consumer interests, and those experienced in prepaid health care, but health care organizations are not represented -- and are not required to be represented -- despite being a major stakeholder in maintaining our community's health. Requiring the representation of health care organizations on the Council and increasing its size to from seven to nine would add a critical perspective without compromising the positions of existing members.

For the foregoing reasons, the Healthcare Association supports HB 407.



HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

Conference Room 329
Jan. 28, 2011 at 9:30 a.m.

Supporting HB 407.

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. Thank you for this opportunity to testify in support of HB 407, which mandates the representation of health care organizations on the Prepaid Health Care Advisory Council, which advises the Director of Labor on health plans that may operate in Hawaii.

Hawaii's Prepaid Health Care Act (PHCA) requires all health care plans to be approved by the Director of Labor as meeting prescribed minimum standards. Such determination is made under the advisement of a seven-member Prepaid Health Care Advisory Council. In recent years, health plans have been approved that increase cost sharing, which affects access to care.

Currently, the Prepaid Health Care Advisory Council is required by law to include representatives of the medical and public health care professions, consumer interests, and those experienced in prepaid health care, but health care organizations are not represented -- and are not required to be represented -- despite being a major stakeholder in maintaining our community's health. Requiring the representation of health care organizations on the Council and increasing its size to from seven to nine would add a critical perspective without compromising the positions of existing members.

For the foregoing reasons, the Healthcare Association supports HB 407.

The Twenty-Sixth Legislature
Regular Session of 2011

HOUSE OF REPRESENTATIVES
Committee on Health
Rep. Ryan I. Yamane, Chair
Rep. Dee Morikawa, Vice Chair

State Capitol, Conference Room 329
Friday, January 28, 2011; 9:30 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 407
RELATING TO HEALTH CARE**

The ILWU Local 142 opposes H.B. 407, which allows representatives of health care provider organizations to serve on the Prepaid Health Advisory Council and increases the number of members on the Advisory Council from seven to nine.

The Advisory Council currently includes representatives of the medical and public health profession, which we understand to be health care providers who are familiar with health care needs. We do not know what additional benefit adding health care provider organizations would be if doctors and hospitals are now already represented on the Advisory Council.

Furthermore, there does not appear to be any compelling reason to increase the number of members on the Advisory Council. We, therefore, see no reason to amend the law for that purpose.

The ILWU respectfully requests that H.B. 407 be held. Thank you for considering our testimony.

9
Jan 27, 2011

Representative Daynette Morikawa
State Capitol, Room 426
415 South Beretania Street
Honolulu, HI 96813

Dear Representative Morikawa,

Supporting HB 407

Hawaii's Prepaid Health Care Act (PHCA) requires all health care plans to be approved by the Director of Labor as meeting prescribed minimum standards. Such determination is made under the advisement of a seven-member Prepaid Health Care Advisory Council. In recent years, health plans have been approved that increase cost sharing, which affects access to care.

Currently, the Prepaid Health Care Advisory Council is required by law to include representatives of the medical and public health care professions, consumer interests, and those experienced in prepaid health care, but health care organizations are not represented -- and are not required to be represented -- despite being a major stakeholder in maintaining our community's health. Requiring the representation of health care organizations on the Council and increasing its size to from seven to nine would add a critical perspective without compromising the positions of existing members.

For the foregoing reasons, I support HB 407.

Thank you for your time.

Sincerely,

Mr. Kevin Roberts
640 Ulukahi St
Kailua, HI 96734-4454