

SCR 153 / SR 112

Measure Title: URGING CONSIDERATION OF MEDICAID EXPANSION AS A VIABLE SOLUTION TO PROVIDE INSURANCE COVERAGE FOR HAWAII RESIDENTS WITH INCOME BETWEEN ONE HUNDRED THIRTY-THREE PERCENT AND TWO HUNDRED PERCENT OF THE FEDERAL POVERTY LEVEL.

Report Title: Insurance Coverage; Medicaid Expansion; Gap-Group

Description:

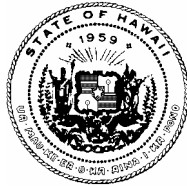
Companion:

Package: None

Current Referral: HMS/CPN, WAM

Introducer(s): GREEN, Baker, Chun Oakland, Nishihara

NEIL ABERCROMBIE
GOVERNOR



PATRICIA MCMANAMAN
DIRECTOR

BARBARA A. YAMASHITA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

March 27, 2013

TO: The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

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

FROM: Patricia McManaman, Director

SUBJECT: **S.C.R. 153/S.R. 112 – URGING CONSIDERATION OF MEDICAID
EXPANSION AS A VIABLE SOLUTION TO PROVIDE INSURANCE
COVERAGE FOR HAWAII RESIDENTS WITH INCOME BETWEEN
ONE HUNDRED THIRTY-THREE PERCENT AND TWO HUNDRED
PERCENT OF THE FEDERAL POVERTY LEVEL**

Hearing: Wednesday, March 27, 2013; 9:30 a.m.
Conference Room 229, State Capitol

PURPOSE: The purpose of this resolution is to urge consideration of expanding Medicaid to provide insurance coverage for Hawaii residents with income between one hundred thirty-three percent to two hundred percent of the federal poverty level (FPL).

DEPARTMENT'S POSITION: The Department of Human Services (DHS) provides the following comments on S.C.R.153/S.R. 112. Providing the Medicaid expansion proposed in these resolutions will require substantial additional general funds and a very substantial loss of federal funds.

The Affordable Care Act (ACA) creates a new avenue for individuals to access affordable health insurance which is subsidized based on income (with no asset limit) by

the federal government and does not require any State funding. These individuals, who do not qualify for Medicaid because their income is too high, will be eligible for Advance Premium Tax Credits and cost share reductions based on a sliding scale based on income.

An actuarial report commissioned by the Department for Commerce and Consumer Affairs, estimates that the monthly premium a 40 year old non-smoker at 138% FPL would be \$282 for a silver qualified health plan purchased through the health insurance exchange. The individual would receive a federal advance premium tax credit of \$232 and subsequently pay a monthly premium of \$50. On average, the individual would have \$85 per month in cost-sharing, but would receive a cost-sharing reduction of \$60 so would only be expected to pay \$25. Therefore, the federal subsidy is estimated to be \$292 per month of new federal funding. The DHS would pay nothing for an individual enrolled in a qualified health plan through the health insurance exchange.

If Medicaid is expanded as proposed in this resolution, the monthly capitation payment for the same individual is estimated to be \$213.91 of which approximately 51.85% or \$110.91 is federally funded. By moving individuals out of the health insurance exchange and into a Medicaid expansion, Hawaii would lose approximately \$181.09 per individual per month ($\$292 - \110.91). With an estimated 25,000 such individuals, the total federal funding loss will be \$54,327,000 per year. In addition, the DHS would require a general fund match of \$30,900,000 per year.

Effective July 1, 2012 in preparation for the implementation of the Affordable Care Act, the income eligibility limit for Hawaii's Medicaid program was reduced to 133% FPL, and the asset limit was increased, e.g. for an individual from \$2,000 to \$5,000. The income eligibility limit reduction affected only non-pregnant adults in the QUEST-ACE or

QUEST–Net programs. The Department continues to provide coverage for pregnant women up to 185% FPL and children up to 300% FPL.

Thank you for the opportunity to testify on this measure.



HPCA

HAWAII PRIMARY CARE ASSOCIATION

Senate Committee on Human Services

The Hon. Suzanne Chun Oakland, Chair

The Hon. Josh Green, Vice Chair

Senate Committee on Commerce and Consumer Protection

The Hon. Rosalyn H. Baker, Chair

The Hon. Brickwood Galuteria, Vice Chair

Testimony on SCR 153/SR 112

**URGING CONSIDERATION OF MEDICAID EXPANSION AS A VIABLE SOLUTION TO
PROVIDE INSURANCE COVERAGE FOR HAWAII RESIDENTS WITH INCOME BETWEEN
ONE HUNDRED THIRTY-THREE PERCENT AND TWO HUNDRED PERCENT OF THE
FEDERAL POVERTY LEVEL**

Submitted by Robert Hirokawa, Chief Executive Officer

March 27, 2013, 9:30 a.m., Room 229

Recent budget constraints in Hawaii required the State Department of Human Services, MedQUEST division, to make certain program cutbacks. Chief among those was the reduction of Medicaid coverage for individuals earning 200% of the Federal Poverty Level back to 133% FPL. While this measure did serve to align the department with fiscal considerations, it also served to create a new “Gap Group” in the state.

The Hawaii Primary Care Association identifies the gap group as those individuals between 133% and 200% of the FPL. Most of these individuals are the working poor and unlikely to purchase health insurance through the Hawaii Health Connector. Often these individuals present with more complex health care needs, a direct result of their financial and housing situations. Generally, these patients and their families require multiple support systems that more closely align with a Medicaid benefit package than with a commercial benefit package.

This issue is of special importance to community health centers because the vast majority of this newly created gap group receives care at our sites. Community health centers provide fully integrated services that encompass preventive, medical, primary, dental, behavioral, social, and enabling services. This comprehensive approach enables health centers to treat the complex and varying conditions presented by gap group patients.

However, as these individuals are both newly uninsured and have the most diverse health needs, they represent a very costly population. Health centers are federally mandated to provide care to any patient in need of services, meaning that this population could become a financial burden. In addition, if these individuals do not seek care from health centers, they are most likely to seek out emergency department services which are much more expensive to the state.

As it currently stands, there are only two options for the gap group to obtain health coverage in the state. The first is to purchase insurance through the Hawaii Health Connector. Given that the average income for a family of four living at 134% of FPL currently brings home \$36,000 a year, this seems unlikely.

The second option is for the state to return Medicaid coverage back to the previous level of 200% FPL. The Hawaii Primary Care Association is in support of returning Medicaid coverage back to previous levels and asks that the state consider it as a viable option for gap group individuals moving forward.

We thank you for the opportunity to testify on this important issue.



March 27, 2013
9:30am
Conference Room 229

To: The Honorable Suzanne Chun Oakland, Chair
The Honorable Josh Green, M.D., Vice Chair
Senate Committee on Human Services

The Honorable Rosalyn H. Baker, Chair
The Honorable Brickwood Galuteria, Vice Chair
Senate Committee on Commerce and Consumer Protection

From: Paula Arcena, Director of Public Policy
Robert Toyofuku, Government Affairs

Re: SCR153 and SR112 Urging Consideration of Medicaid Expansion as a Viable Solution to Provide Insurance Coverage for Hawaii Residents with Income Between One Hundred Thirty-Three Percent And Two Hundred Percent Of The Federal Poverty Level

Thank you for the opportunity to testify in **strong support** of SCR153 and SR112.

AlohaCare was founded nearly 19 years ago by Hawaii's community health centers to be a safety-net health plan dedicated to providing coverage for Hawaii's low-income families and residents. We serve over 70,000 QUEST members statewide.

We believe that expanding Hawaii's Medicaid eligibility to include those with household incomes 133%-200% FPL merits serious consideration. Currently, Hawaii's current Medicaid eligibility is 133% FPL and below. Federal matching funds are available for an increase to 200% FPL.

Increasing Medicaid eligibility would help to mitigate the negative impacts of health insurance "churn". Churn refers to the loss of health insurance coverage and is more common at lower income levels.

Churn is an important factor because the loss of health insurance coverage undermines a patient's ability to access necessary care and services, as well as health plan and provider efforts to maintain treatment that prevent and control illness, and therefore health care costs to the State of Hawaii.

Breaks in coverage often result in a patient returning to eligibility sicker than when they left. Uninsured, many patients go without care and enabling services, which increases the chance they will require high cost emergency and in-patient services.

The introduction of the Hawaii Health Connector in October of this year will offer subsidies and assistance to those with incomes in the 133%-400% FPL range. While helpful, it does not provide for seamless coverage. Additionally, unlike Medicaid Connector coverage will require the patient to pay a premium and co-payments, which can be a barrier to coverage.

AlohaCare is a non-profit, Hawaii based health plan founded in 1994 by Hawaii's community health centers to serve low-income families and medically vulnerable members of our community through government sponsored health insurance programs. We serve beneficiaries of Medicaid and Medicare on all islands.

We urge the committees to support these resolutions.

Thank you for this opportunity to testify.

From: mailinglist@capitol.hawaii.gov
To: [HMS Testimony](#)
Cc: joankona@gmail.com
Subject: Submitted testimony for SCR153 on Mar 27, 2013 09:30AM
Date: Saturday, March 23, 2013 12:16:38 PM

SCR153

Submitted on: 3/23/2013

Testimony for HMS/CPN on Mar 27, 2013 09:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Joan Gannon	West Hawaii Community Health Center	Support	No

Comments: I support SCR 153. The medicaid expansion to protect the gap group of people at 133% of the federal poverty level. In order for our patients to receive care and for community health centers to be able to give that care we need the medicaid expansion. This is for the health of patients and the health of our community. Thank You Joan Gannon Board member West Hawaii community center

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Aloha,

I support SR 112/SCR153 urging consideration of Medicaid expansion for those individuals who are between 133% and 200% of the federal poverty level. These individuals and families (the “gap group”) are the working poor and unlikely to afford the purchase of health insurance through the Hawaii Health Connector. The health care needs of the gap group and low-income earners in Hawaii are more complex than higher wage earners and often require multiple support systems more aligned with a Medicaid benefit package than a commercial insurance benefit package. These individuals often use community health centers which provide a full array of preventive, medical, primary, dental, behavioral, social, and enabling services, resulting in more favorable outcomes for the patients.

Thank you for the opportunity to testify in **support** of this bill.

Beverly Zigmond
President, Board of Directors
Lana`i Community Health Center
Lana`i City, Hawaii



Community Alliance for Mental Health

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Susan King

To: The Hawai'i State Senate Committees on Human Services & Commerce and Consumer Protection

Re: SCR 150 / SR 112

To: The Honorable Senators Chun-Oakland, Baker, and the members of their committees.

Aloha,

The Community Alliance for Mental Health along with United Self Help strongly **supports** SCR 150 / SR 112. We believe that the expansion of Hawai'i's Medicaid program to include the uninsured and those of our islands whose incomes fall between 100% and 133% of the Federal Poverty Level is an integral part of Hawai'i's health care transformation.

We believe that it is an essential element in supporting Hawai'i's hospitals who now carry annual losses while covering this population. We believe that it is an important public health necessity.

We strongly urge this committee to support SCR 150 / SR 112.

Mahalo,
Scott Wall
Vice-President

From: mailinglist@capitol.hawaii.gov
To: [HMS Testimony](#)
Cc: tabraham08@gmail.com
Subject: Submitted testimony for SCR153 on Mar 27, 2013 09:30AM
Date: Sunday, March 24, 2013 8:32:34 PM

SCR153

Submitted on: 3/24/2013

Testimony for HMS/CPN on Mar 27, 2013 09:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No

Comments: I support passage of bill to keep medicaid and protect it at all costs.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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