

HAWAI‘I CIVIL RIGHTS COMMISSION

830 PUNCHBOWL STREET, ROOM 411 HONOLULU, HI 96813 · PHONE: 586-8636 FAX: 586-8655 TDD: 568-8692

April 3, 2017
Rm. 211, 1:35 p.m.

To: The Honorable Jill Tokuda, Chair
Members of the Senate Committee on Ways and Means

From: Linda Hamilton Krieger, Chair
and Commissioners of the Hawai‘i Civil Rights Commission

Re: H.B. No. 552, H.D.1, S.D.1

The Hawai‘i Civil Rights Commission (HCRC) has enforcement jurisdiction over Hawai‘i’s laws prohibiting discrimination in employment, housing, public accommodations, and access to state and state funded services. The HCRC carries out the Hawai‘i constitutional mandate that no person shall be discriminated against in the exercise of their civil rights. Art. I, Sec. 5.

H.B. No. 552, H.D.1, S.D.1 if enacted, will ensure that certain benefits available under the Affordable Care Act, which may not otherwise be provided under Hawaii’s Prepaid Health Care Act, will continue under Hawai‘i law, in the event that the ACA is repealed.

The HCRC supports the preservation in state law of ACA protections against discrimination in premiums or contributions based on gender.

The HCRC has a state civil rights law enforcement interest in eliminating discrimination in employment-based health benefit plans, with jurisdiction and authority to enforce Hawai‘i state fair employment law, which prohibits employers from discriminating on the basis of race, **sex, including gender identity or expression**, sexual orientation, age, religion, color, ancestry, disability, marital status, arrest and court record, or domestic violence or sexual violence victim status, in “compensation or in the terms, conditions, or privileges of employment.” HRS § 378-2(a)(1)(A).

It is a well-accepted fair employment law principle that an employer is legally responsible for

discriminatory fringe benefit plans offered by third parties whom the employer selects to provide a benefit plan for employees. Employers are ultimately responsible for discriminatory compensation, terms, conditions, and privileges of employment, regardless of whether third parties are also involved in the discrimination. *Arizona Governing Committee for Tax Deferred Annuity and Deferred Compensation Plans, et al., v. Norris*, 463 U.S. 1073 (1983), 1089-1090.

Consistent with the HCRC's strong interest in prohibiting discrimination in employer-provided benefit plans, the HCRC strongly supports the prohibition against gender discrimination in premiums or contributions, provided in Sections 5, 6 and 7 of the bill.

The HCRC urges your favorable consideration of these prohibitions against gender discrimination in group or individual health insurance, hospital or medical service plan contracts, and group contract and HMO offerings of group or individual policies, contracts, plans, or agreements.



DAVID Y. IGE
GOVERNOR
SHAN S. TSUTSUI
LT. GOVERNOR

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CATHERINE P. AWAKUNI COLÓN
DIRECTOR
JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON WAYS AND MEANS

TWENTY-NINTH LEGISLATURE
Regular Session of 2017

Monday, April 3, 2017
1:35 p.m.

TESTIMONY ON HOUSE BILL 552, H.D. 1, S.D. 1 – RELATING TO HEALTH INSURANCE.

TO THE HONORABLE JILL N. TOKUDA, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department supports the intent of this bill and submits the following comments.

The purpose of this bill is to ensure that coverage for health insurance is available to residents and that certain benefits created by the Patient Protection and Affordable Care Act (“ACA”) will continue to exist if the ACA is repealed.

This bill serves as a basis for further collaboration to address the complexities of the health care system and the uncertainty of the future of the ACA. It also seeks to provide needed health coverage to as many residents as possible. In addition, programs such as cost-sharing or premium subsidies, tax credits, risk adjustment, all of which are all financial components of the ACA, will need to be explored to stabilize the health insurance market both from an issuer and individual perspective.

We thank the Committee for the opportunity to present testimony on this matter.



DAVID Y. IGE
GOVERNOR

STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

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TESTIMONY BY DEREK MIZUNO
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON HOUSE BILL NO. 552 H.D.1 S.D.1

April 3, 2017
1:35 p.m.
Room 211

RELATING TO HEALTH INSURANCE

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committees:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees opposes inclusion of prescription drug coverage as an essential health care benefit for the EUTF retirees. The EUTF Board believes that prescription drug coverage should be considered an essential health benefit however mandating this for the EUTF retirees reduce their flexibility in the selection of their medical and prescription drug plans, both EUTF and non-EUTF, and could negatively impact them financially. For approximately 95% of the retirees who currently have 100% of their premiums paid by the employers, they have no financial reason to not select both EUTF medical and prescription drug coverage. Currently, retirees have the option to select 1) only medical, 2) only prescription drug or 3) both medical and prescription drug coverage. For the remaining retirees who pay a portion of their premiums, the flexibility in being able to select an EUTF medical plan only could assist them financially. For example,

EUTF's Mission: We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.

premiums under Medicare two party medical, dental and vision plans total \$519.76 monthly. The employer contribution for a retiree who was hired after 6/30/01 with 10 years of service is 50% of the self base monthly contribution which equals \$335.06. This retiree would be responsible for the difference of \$184.70 monthly for medical, dental and vision premiums. If the retiree and his spouse were in good health and not utilizing many prescription drugs, they currently could secure a Medicare Part D prescription plan from a private insurer with lower benefits than the EUTF plans but with possibly little to \$0 monthly premiums. However, if this bill passes, the EUTF would be required to bundle the medical and prescription drug plans, resulting in this retiree and spouse paying an additional \$424.80 in monthly premiums for the EUTF prescription drug plan. Mandating inclusion of prescription drug coverage as an essential health benefit for EUTF retirees removes the EUTF retirees' financial flexibility in selecting their medical and prescription drug plans that is most cost effective for them.

EUTF staff will also like to provide comments on other parts of the bill. This bill would generally have minimal, if any, impact on the EUTF's active employee plans as current medical, bundled with prescription drug, plans cover the essential health care benefits included in the bill, contraception and breastfeeding coverage benefits, dependent coverage for children until they reach age 26 for medical and prescription drug coverage and there are no preexisting condition exclusions and no gender based premiums and contribution policies. However, EUTF staff would like to clarify whether the EUTF would be required to provide coverage for dependent children until they reach age 26 for dental and vision active employee plans. Currently, the EUTF provides dental and vision coverage for dependent children of active employees through age 18 and if

they are a full-time student, through age 23. Dental and vision plans are not subject to the Affordable Care Act provisions.

On the other hand, this bill could have significant impact on the EUTF retiree plans as follows:

1. Currently, the EUTF retiree plans do not have 100% coverage for contraceptives and breastfeeding. However, this additional coverage is not expected to be significant.
2. EUTF staff seeks clarity on whether coverage under this bill for dependent children until the child turns age 26 applies to the EUTF retiree plans. As a retiree only plan, the EUTF retiree plans are not subject to the Affordable Care Act and the EUTF Board has not added dependent child coverage until the child turns age 26 for the EUTF retiree plans. EUTF retiree medical, prescription drug, dental and vision plans provide coverage for dependent children through age 18 and if they are a full-time student, through age 23. Adding the age 26 provision to the EUTF retiree plans, could add \$16-18 million in annual premiums and approximately \$500 million to the actuarial accrued liability (\$368 million for the State), assuming employers are and will be paying 100% for these retirees.
3. If the additional coverage under 1 and 2 above are added, the employers under Section 87A-33(b), Hawaii Revised Statutes, "...The monthly contribution by the State or county shall not exceed the actual cost of the health benefit plan or plans and shall not be required to cover increased benefits above those initially contracted for by the fund for plan year 2004-

2005...” may decide not to pay for the additional benefits and the retirees, including any 100% retirees, would be responsible for the additional monthly premiums.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



PANKAJ BHANOT
DIRECTOR

BRIDGET HOLTHUS
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

April 3, 2017

TO: The Honorable Jill Tokuda, Chair
Senate Committee on Ways and Means

FROM: Pankaj Bhanot, Director

SUBJECT: **HB 552 HD 1 SD 1 RELATING TO HEALTH INSURANCE**

Hearing: April 3, 2017, 1:35 p.m.
Conference Room 211, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of the bill and offers comments.

PURPOSE: The purpose of the bill is to ensure certain benefits under the Affordable Care Act, which may not otherwise be available under the State's Prepaid Health Care Act, remain available under Hawaii law, including: preserving the individual health insurance mandate that requires taxpayers to have health insurance coverage throughout the year or pay a penalty; ensuring all health insurers, mutual benefit societies, and health maintenance organizations in the State, including health benefits plans under chapter 87A, Hawaii Revised statutes, include essential health benefits, plus additional contraception and breastfeeding coverage benefits; extending dependent coverage for adult children until the children turn twenty-six years of age; prohibiting health insurance entities from imposing a preexisting condition exclusion; and prohibiting health insurance entities from using an individual's gender to determine premiums or contributions; establish a minimum essential coverage premium supplementation trust fund to provide premium supplementation to insurers that issue minimum essential coverage at a net financial loss; establish the Medicaid Plus program in the Department of Human Services to provide insurance coverage to

individuals and qualifying families whose income is between 138.5% and 250% of the federal poverty level for Hawaii; and establish the affordable health insurance working group to address the complexities of the health care system in Hawaii and the related uncertainty over the future of the Affordable Care Act.

We agree that the availability of affordable credible health insurance helps all of Hawaii's residents, including those who are covered by Medicaid and the federal marketplace.

The bill proposes to create a Medicaid Plus program that would be run by DHS. The proposed program would have similar benefits to the current ACA, although with a limited prescription drug benefit. Also notable, the program would cover adults only since the Med-QUEST programs cover children up to 300% of the federal poverty level.

The bill outlines the broad principles, but there would be a number of implementation details that would need to be established that would take financial and human resources to develop and implement. Currently, this program would not be needed due to the fact that the Affordable Care Act continues to be the law of the land, and the federal marketplace continues to operate.

Affordability of health insurance is essential as individuals who remain uninsured may face penalties with this bill. Thus, the bill exempts from penalties those who are below 250% FPL, or who would be exempted from penalties as with the current ACA. Also, the bill tries to address affordability through the establishment of a premium supplementation fund that would provide assistance to individuals and to health insurance companies when they face losses.

Again, many details regarding how the premium supplementation fund would be implemented to help families afford health insurance are unclear. For example, the criteria of if and how individuals would qualify for premium supplementation, and how the insurers would receive such supplementation payments would need to be developed. Conceptually, however, assisting qualified individuals with their monthly premiums would help keep health insurance within reach for those who may otherwise be unable to afford the full monthly premium. Of note, both the current ACA marketplace as well as the various Congressional replacement bills have included some form of premium assistance. Thus, besides the state details that would need to be developed, how the proposed premium supplementation fund would interact with the federal context would also need to be determined.

In sum, it is unknown what federal circumstances or the federal context would precipitate the implementation of this bill, including the Medicaid Plus program, or the premium supplementation program. Since the federal context would determine what the insurance market and Medicaid needs would be, outlining details of a replacement program is not feasible at this time. In part due to the federal uncertainty, and the complexities of health insurance, the bill proposes a working group to evaluate and propose refinements to the premium supplementation trust fund and other details that would be needed with a repeal and replacement of the Affordable Care Act. We respectfully suggest that the bill's proposed other replacement details such as the Medicaid Plus program be added as ideas to study as part of the working group.

Additionally, we note that there is a need to collaborate to reduce the overall costs of health care so that health care insurance can be more affordable for all Hawaii's residents.

Thank you for the opportunity to testify on this bill.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 552, H.D. 1, S.D. 1

April 3, 2017
1:35 p.m.
Room 211

RELATING TO HEALTH INSURANCE

House Bill No. 552, H.D. 1, S.D. 1, establishes: minimum essential coverage for individual health insurance; tax penalties for non-compliance; reporting requirements for insurance providers; the Minimum Essential Coverage Premium Supplementation Trust Fund; the Medicaid Plus program; and the Affordable Health Insurance Working Group. The bill also requires all policies issued and renewed by accident and health or sickness insurers, mutual benefit societies, and health maintenance organizations after the bill's effective date to: cover essential health benefits; offer dependent coverage up to 26 years of age; not exclude benefits or coverage based on pre-existing conditions; and not charge premiums that discriminate by gender.

The Department of Budget and Finance does not take any position on the preservation of Affordable Care Act (ACA) benefits in the case of the Act's repeal and offers the following comments.

As a matter of general policy, the department does not support the creation of trust funds which rely on general fund appropriations to finance its activities beyond providing seed moneys. In regards to House Bill No. 552, H.D. 1, S.D. 1, it appears that

the proposed source of revenues from tax penalties will not be self-sustaining at this time and the minimum essential coverage premium supplementation trust fund would require annual cash infusions from the general fund to fulfill its purpose.

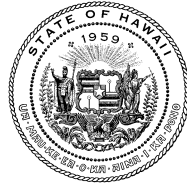
The department also has concerns that replacing Advanced Premium Tax Credits for the individual market could cost the State around \$30-\$35 million a year according to an estimate provided by the Department of Commerce and Consumer Affairs. This would be in addition to the Department of Human Services' estimated cost of up to \$230 million in general funds in future years to cover the loss of enhanced federal medical assistance percentages for ACA Medicaid expansion expected to be part of the ACA's repeal and replacement.

Furthermore, the department would like to point out that Section 5 of Article VII of the Hawaii State Constitution requires that "no public money shall be expended except pursuant to appropriations made by law." The third provision of Section 3 of the bill, which states that expenditures of moneys from the Minimum Essential Coverage Premium Supplementation Trust Fund shall not be subject to any provisions of law requiring specific appropriations, does not appear to be compliant with the State's Constitution.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
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MARIA E. ZIELINSKI
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DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

To: The Honorable Jill N. Tokuda, Chair
and Members of the Senate Committee on Ways and Means

Date: Monday, April 3, 2017
Time: 1:35 P.M.
Place: Conference Room 211, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 552, H.D. 1, S.D. 1, Relating to Health Insurance

The Department of Taxation (Department) appreciates the intent of H.B. 552, H.D. 1, S.D. 1, and provides the following comments on Section 2 of the bill for your consideration.

H.B. 552, H.D. 1, S.D. 1, adopts certain provisions of the Patient Protection and Affordable Care Act of 2010 (Affordable Care Act), including portions of the individual mandate to have health insurance coverage throughout the year.

Section 3 of the bill imposes a penalty on individuals who do not maintain health insurance coverage during any month. The monthly penalty is equal to the greater of one-twelfth of \$695 or 2.5 percent of the excess of the taxpayer's household income for the taxable year over the taxpayer's applicable filing threshold. The penalty is one-half of the applicable amount if the individual is under the age of 18. The \$695 amount is adjusted annually to take into account the cost of living.

The bill exempts from the penalty any individual who is not required to file a tax return, any individual or family whose income is two hundred fifty per cent or less of the federal poverty level for Hawaii, and nonresidents. Additionally, the bill requires insurers to provide coverage confirmation reports to the Department and establishes the affordable health insurance working group. The bill requires the Department to assist the group in refining the minimum essential coverage premium supplementation trust fund created by Section 2 of this bill.

The bill has a defective effective date of July 1, 2090, provided that Sections 2 through 7 and Section 9 take effect upon repeal of the Affordable Care Act.

The Department notes that the previous Committee addressed the Department's concerns regarding the exemptions in the previous version of the bill. The previous Committee added specific exemptions to the penalty rather than referencing the federal exemptions in section

5000A of the Internal Revenue Code. The Department appreciates this amendment.

Finally, the Department notes that it will be able to implement the form, instruction, and system changes in this bill for tax years beginning after December 31, 2017.

Thank you for the opportunity to provide comments.

Charlotte A. Carter-Yamauchi
Director

Shawn K. Nakama
First Assistant

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LEGISLATIVE REFERENCE BUREAU
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Written Comments

HB552, HD1, SD1
RELATING TO HEALTH INSURANCE

Charlotte A. Carter-Yamauchi, Director
Legislative Reference Bureau

Presented to the Senate Committee on Ways and Means

Monday, April 3, 2017, 1:35 p.m.
Conference Room 211

Chair Tokuda and Members of the Committee:

Good afternoon Chair Tokuda and members of the Committee, my name is Charlotte Carter-Yamauchi and I am the Director of the Legislative Reference Bureau. Thank you for providing the opportunity to submit written comments in support of H.B. No. 552, H.D. 1, S.D. 1, Relating to Health Insurance.

The purpose of this bill is to:

- (1) Ensure that certain benefits under the Affordable Care Act, which may not otherwise be available under the State's Prepaid Health Care Act, remain available under Hawaii law, including:
 - (A) Preserving the individual mandate that requires taxpayers to have qualified health insurance coverage throughout the year or pay a penalty;
 - (B) Ensuring all health insurers, mutual benefit societies, and health maintenance organizations in the State, including health benefits plans under chapter 87A, Hawaii Revised Statutes, include essential health care benefits, plus additional contraception and breastfeeding coverage benefits;

- (C) Extending dependent coverage for adult children until the children turn twenty-six years of age;
 - (D) Prohibiting health insurance entities from imposing a preexisting condition exclusion; and
 - (E) Prohibiting health insurance entities from using an individual's gender to determine premiums or contributions;
- (2) Establish a minimum essential coverage premium supplementation trust fund to provide premium supplementations to insurers that issue minimum essential coverage at a net financial loss;
 - (3) Establish the medicaid plus program in the department of human services to provide insurance coverage to individuals and qualifying families whose income is between 138.5 per cent and two hundred fifty per cent of the federal poverty level for Hawaii; and
 - (4) Establish the affordable health insurance working group to address the complexities of the health care system in Hawaii and the related uncertainty over the future of the Affordable Care Act.

The Bureau takes no position on this measure, but submits the following comments on the responsibilities ascribed to the Legislative Reference Bureau in Section 8 of the bill for your consideration.

Section 8 establishes the affordable health insurance working group to address the complexities of the health care system in Hawaii and the related uncertainty over the future of the Affordable Care Act. Section 8(g) requests the Legislative Reference Bureau to "provide staff, research, and drafting assistance to the working group."

We have some concerns with how the measure is currently drafted with respect to the work requested of the Bureau. Our particular concern is with the language of the measure that requires the Bureau to take on the responsibility of providing staffing support to the working group, in addition to research and drafting assistance. The Bureau lacks the resources, including but not limited to dedicating its research staff, to provide any administrative or logistical support to individual Legislators or committees, working groups, or task forces of this nature, especially if the work of the entity may involve multiple subcommittee meetings. Moreover, the Bureau does not possess the facilities to accommodate meetings of a working group, nor do we possess any priority for requesting use of any of the conference rooms throughout the Capitol.

If the Committee decides to recommend the passage of this measure and desires to keep the Bureau involved, we respectfully request that it be amended to specifically delete the reference to the Bureau providing staff to the working group and limit the Bureau's involvement to assisting the working group with research and drafting services. Doing so will provide the Bureau with the flexibility to allocate research staff as necessary to assist the working group while also allowing the Bureau to maintain staffing and research assignment flexibility for other assignments requested by the Legislature, as well as provide our core services to individual members of the Legislature.

If the measure is amended to address the concern noted above, the Bureau believes that the services requested under the measure would be manageable and that the Bureau will be able to provide the services in the time allotted; provided that the Bureau's interim workload is not adversely impacted by too many other studies or additional responsibilities, such as conducting, writing, or finalizing other reports, drafting legislation, or both, for other state agencies, task forces, or working groups that may be requested or required under other legislative measures.

Thank you again for your consideration.



April 3, 2017 at 1:35 PM
Conference Room 211

Senate Committee on Ways and Means

To: Chair Jill N. Tokuda
Vice Chair Donovan M. Dela Cruz

From: Paige Heckathorn
Senior Manager, Legislative Affairs
Healthcare Association of Hawaii

Re: **Testimony in Support**
HB 552 HD 1 SD 1, Relating to Health Insurance

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 160 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

The Healthcare Association of Hawaii would like to thank the committee for the opportunity to **support** the intent of HB 552 HD 1 SD 1, which would preserve a number of consumer protection provisions included in the *Affordable Care Act (ACA)*, including the requirement that individuals in Hawaii purchase health insurance. While Hawaii has long been a national leader in providing access to quality care—in large part because of the visionary Prepaid Health Care Act—the ACA provided the opportunity for thousands of individuals, families and children to newly access insurance coverage.

Without the ACA, it is predicted that 20 million people will lose access to health insurance across the country. According to a recent report from the Urban Institute, the repeal of the ACA will result in 11,000 people who are eligible for a tax credit to purchase insurance losing their individual health insurance and 44,000 adults and children losing Medicaid or CHIP coverage.¹ Lack of access to insurance will not only negatively affect the health of patients who lose their coverage, but will also further strain the health care system in the state. We appreciate the State Legislature's focus on helping to protect access to care for all Hawaii residents and support the intent of this legislation to maintain coverage. Thank you for your consideration of this matter.

¹ <http://www.urban.org/research/publication/partial-repeal-aca-through-reconciliation-coverage-implications-hawaii-residents>

To: Hawaii State Senate Committee on Ways and Means
Hearing Date/Time: Monday, April 3, 2017, 1:35 p.m.
Place: Hawaii State Capitol, Rm. 211
Re: Testimony of Planned Parenthood Votes Northwest and Hawaii in strong support of H.B 552, HD1, SD1, relating to Health Insurance

Dear Chair Tokuda and Members of the Committee,

Planned Parenthood Votes Northwest and Hawaii (“PPVNH”) writes in strong support of H.B. 552, HD1, SD1, which seeks to codify in Hawaii state law important benefits currently required under the federal Affordable Care Act.

Losing the critical protections established by the Affordable Care Act would be devastating for the women, men, and families in Hawaii who depend on them. Passage of H.B. 552 will ensure that no one loses access to the care they rely on.

The ACA established important protections for all Americans, and for women in particular. Repealing the ACA means that 55 million women across the country would lose their access to no-copay preventive services such as birth control and life-saving cancer screenings and that being a woman would once again be a pre-existing condition.

In Hawaii alone, after the Affordable Care Act was passed 54,000 people gained insurance coverage, 560,000 people with pre-existing coverage could no longer be denied coverage, and over 630,000 people benefited from being able to access a broad range of preventive services such as contraception, mammograms, and cancer screenings.

As state lawmakers, you can help to ensure that people in Hawaii continue to benefit from these critical and life-saving protections by passing H.B. 552, which would put in place many of the ACA’s most important requirements at the state level, no matter what happens at the federal level.

These commonsense benefits include preventing denial of coverage for pre-existing conditions, requiring coverage of contraceptive methods and counseling and other life-saving preventive care, allowing young people to stay on their parents’ plans until age 26, and more.

Please keep Hawaii healthy by supporting H.B. 552.

Thank you for this opportunity to testify in support of this important, life-saving measure.

Sincerely,
Laurie Field
Hawaii Legislative Director

2017 Hawaii Community Leadership Board

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The Queen's Health Systems
*Immediate Past Chair
Executive Committee*

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Internist, Assistant Professor
Department of Native Hawaiian Health
John A. Burns School of Medicine
*Immediate Past President
Executive Committee*

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John Melish, MD, FACP
Endocrinologist
Kapiolani Medical Center
Professor, John A. Burns School of Medicine

Scott R. Nahme
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Commercial Real Estate Lending Division
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May M. Okhiro, MD, MS
Director, Hawaii Initiative for Childhood Obesity
Research & Education
Assistant Professor
John A. Burns School of Medicine

Valerie Sonoda
Educator, Health Systems Development
HMSA

Gino Soquena
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John A. Burns School of Medicine
National Adult Strategies Committee

Mia Noguchi
President
Lotus Pond Communications

Richard Okazaki
President
Diagnostic Laboratory Services, Inc.

March 31, 2017

Sen. Jill N. Tokuda, Chair
Senate Committee on Ways and Means
Hawaii State Senate

RE: IN SUPPORT OF HB 552 HD 1 SD 1

As the leading voice for the nearly 30 million Americans living with diabetes and the 86 million ore with prediabetes, the American Diabetes Association (ADA) has expressed our opposition to repealing the Affordable Care Act (ACA) without an immediate alternative to maintain or improve coverage for people with or at risk of diabetes. We support legislation intended to preserving benefits under the ACA in state law, and encourage your committee to do so.

The ACA provides health insurance protections for people with diabetes or prediabetes, and has greatly improved access to health insurance. In fact, the United States saw reductions in the number of uninsured individuals in 2014 and 2015 after the ACA's major coverage expansions took place.

It further ended inequities in access to affordable health care that separated Americans with diabetes from the medical care and education they needed in the fight against the horrific and costly complications of diabetes including blindness, amputation, kidney failure, heart disease, stroke – and death.

At minimum, proposals should include:


- Providing health insurance coverage for at least the same number of people as under the ACA;
- Ensuring continuous availability of health insurance coverage, regardless of a person's circumstances
- Ensuring access to adequate and affordable health insurance for everyone, no matter their health status, income, age, or employment; and
- Continuing to prioritize prevention, including prevention of type 2 diabetes and its complications.

We are committed to ensuring the millions of Americans with diabetes have access to affordable, quality health care, and applaud efforts to preserving the ACA under Hawaii law.

Thank you,



LJ Duenas
Hawaii Director
American Diabetes Association



1 in 11
Americans has
diabetes today.



Every **23 seconds**,
someone in the
United States
is diagnosed
with diabetes.

More than
18,000
youth are
diagnosed with
type 1 diabetes
every year.

March of Dimes Foundation
Hawaii
1580 Makaloa Street, Suite 1200
Honolulu, HI 96814
Telephone (808) 973-2155
Inter-island 1-800-272-5240
Fax (808) 973-2160

marchofdimes.org/hawaii

Date: March 31, 2017

To: Senator Jill Tokuda, Chair
Senator Donovan Dela Cruz, Vice Chair

From: Lin Joseph
Maternal & Child Health Director
March of Dimes Hawaii

Re: In support of
HB 552 HD1, SD1

Hearing: Monday, April 3, 2017
Conference Room 211, State Capitol

Chair Tokuda, Vice Chair Dela Cruz, Members of the Committee:

I am writing to express strong support for HB 552 HD1, SD1: Health Insurance.

For more than 75 years, the March of Dimes has been a leader in maternal and child health. Our mission is to improve the health of babies by preventing birth defects, premature birth, and infant mortality.

The state of Hawaii is a leader in providing health care access to residents and the Affordable Care Act (ACA) has furthered the coverage and benefits available to Hawaii residents. Under the ACA, more than 13,000 people in Hawaii obtained coverage through the marketplace, 33,000 gained access to coverage through the expansion of Medicaid, and hundreds of thousands saw their coverage improve through benefits such as free preventative care.

These gains had a dramatic impact on women of childbearing age as they have gained access to a range of services to help them become healthy before, during, and after pregnancy. The essential health benefits (EHB) requirement that plans cover maternity and newborn care provides vital services and peace of mind to women of childbearing age. Provisions prohibiting plans from discriminating against people with pre-existing conditions (such as prior pregnancy or caesarean section) have provided critical protections for families. The guarantees of access to affordable contraception and counseling services that are consistent with a woman's needs and beliefs have been essential in ensuring that women can space pregnancies appropriately, which is documented to improve birth outcomes.

 march of dimes®

March 31, 2017
Honorable Jill Tokuda
Honorable Donovan Dela Cruz
Page 2

HB 552 HD1, SD1 will preserve this important progress in Hawaii by ensuring that many of these benefits under the Affordable Care Act are protected under state law. Significantly for maternal and child health, this bill ensures that all policies in the state contain essential health benefits which includes pregnancy, maternity, and newborn care. It also requires that these policies provide contraceptive coverage, provide breastfeeding coverage and does not impose any preexisting condition exclusion. These important protections will help to continue the progress that has been made in recent years to increase health coverage for women of childbearing age and to improve birth outcomes.

The March of Dimes supports HB 552 HD1, SD1 for the protections and stability it will provide for the health care available to the people of Hawaii given the uncertainty at the federal level.

Mahalo for your support.



American Heart Association testimony in support of HB 552, HD1, SD1 Relating to Health Insurance

The American Heart Association supports HB 552, HD1, SD1.

The American Heart Association has a longstanding commitment to the patient's perspective when it comes to improving health care. We believe there are six critical principles that must be addressed if health care in the U.S. is to be effective, equitable and excellent. These principles concentrate on access to care, preventive services, quality health care, the elimination of health disparities, continued biomedical research to improve the prevention and treatment of heart disease and stroke, and an adequate and diverse workforce.

Principle 1: All residents of the U.S. should have meaningful, affordable health care coverage.

Principle 2: Preventive benefits should be an essential component of meaningful health care coverage, and incentives should be built into the health care system to promote appropriate preventive health strategies.

Principle 3: All U.S. residents should receive affordable, high quality health care.

Principle 4: Race, gender and geographic disparities in health care must be eliminated.

Principle 5: Support of biomedical and health services research should be a national priority, and inflation-adjusted funding for the NIH must be maintained and expanded.

Principle 6: The United States' health care workforce should continue to grow and diversify through a sustained and substantial national commitment to medical education and clinical training.

While some of these principles can only be achieved through federal support, HB 552, HD1, SD1 will help to achieve several of the listed principles through state level policy. Hawaii has a long history of valuing and providing health care to most of its residents through its pre-paid health care act. By adding provisions of the Affordable Care Act (ACA) to Hawaii state law, HB 552, HD1, SD1 would insure that key benefits its residents have come to enjoy and rely on through the ACA will remain available to them should those benefits be eliminated from federal law.

Thank you for this opportunity to provide testimony in support of HB 552, HD1, SD1.

Respectfully submitted,

A handwritten signature in black ink that reads "Donald B. Weisman".

Donald B. Weisman
Hawaii Government Relations Director

*"Building healthier lives,
free of cardiovascular
diseases and stroke."*

life is why™ es por la vida™ 全为生命™

Please remember the American Heart Association in your will.



TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Extend Obamacare Individual Mandate to Hawaii Law

BILL NUMBER: HB 552, SD-1

INTRODUCED BY: Senate Committee on Commerce, Consumer Protection, and Health

EXECUTIVE SUMMARY: Reacting to threatened changes to Obamacare, this bill attempts to enact Obamacare, together with its individual mandate, in Hawaii. The federal effort to repeal Obamacare has run into a roadblock, perhaps making it premature to adopt legislation like this in Hawaii.

If it is decided that this legislation is needed now, we urge great care. Adapting a 900-page federal act to state law is not easy, and doing it in a 32-page bill probably means things are going to be missed.

SYNOPSIS: Adds a new HRS chapter establishing the “Minimum Essential Coverage Premium Supplementation Trust Fund.” Provides that an insurer offering minimum essential coverage, and providing minimum essential confirmation reports, is entitled to premium supplementation out of this fund.

Adds a new section to HRS chapter 235 to impose a penalty on any individual who is not covered with qualifying health insurance coverage, or whose dependent is not covered, in any month. An individual would be exempt from the penalty if the individual is not required to file a tax return; if the individual or family has income under 250% of the federal poverty level in Hawaii; or if the individual is a nonresident. The amount of the penalty is the same as that imposed under the current Affordable Care Act.

Requires every insurer who issues a policy that provides minimum essential coverage to report the provision of coverage on a form and in a manner to be determined by rules.

Adds a new part to HRS chapter 371 establishing a minimum essential coverage premium supplementation trust fund, which makes payments to insurers for all policies where the cost of minimum essential coverage exceeds ___% of the total premium amount paid by the insured.

Makes extensive changes to HRS chapter 431 article 10A, chapter 432 article 1, and chapter 432D defining essential health care benefits required for policies issued or renewed in the State.

EFFECTIVE DATE: July 1, 2017; takes effect upon the repeal of Pub. L. No. 111-148.

STAFF COMMENTS: The proposed measure is a reaction to the threat by Republicans in the U.S. House, U.S. Senate, and the White House to repeal some or all of the Patient Protection and Affordable Care Act of 2010, commonly known as “Obamacare.” The proposal basically says, “Even if the national Obamacare law is repealed, we can and will still have it in Hawaii.”

The individual mandate proposed in this bill looks like the federal one in Internal Revenue Code section 5000A, but with significant differences. The federal fee for not having insurance in 2016 is \$695 per adult and \$347.50 per child (up to \$2,085 for a family), or 2.5% of household income above the tax return filing threshold for the individual's tax filing status, whichever is greater. One-twelfth of the total fee is owed for each full month in which a family member went without coverage or an exemption. Those provisions are mirrored in the bill.

It should be noted that the federal law, Pub. L. No. 111-148, covers more than 900 pages in the official publication *United States Statutes at Large*. (124 Stat. pages 119-1024.) Adapting that to Hawaii by way of a 32-page bill is just asking for trouble. Let's take as an example the exemptions to the individual mandate.

The federal law allows for several exemptions, which the bill for the most part ignores. The chart of exemptions on the following page is taken from the instructions to IRS Form 8965. There are good reasons for several of the exemptions, and great care should be taken before deciding to toss them.

For example, what about an individual who is in prison for the whole year? The federal ACA exempts that individual, but this bill would not. If the State is taking care of that individual while in custody, why does that individual need to buy health insurance?

And what about an individual who died during the year? If Grandpa died in February, are we really going to make his widow pay to cover his health insurance for the full year, or penalize her for not having insurance for him if his health insurance terminates upon his death?

In the chart, many of the exemptions are noted as "Granted by Marketplace," which means that the Marketplaces under the Affordable Care Act were equipped to determine eligibility for certain of the exemptions and then communicated any favorable determinations by way of issuing an Exemption Certificate Number. Hawaii no longer has a Marketplace, and if the federal act is substantially restructured, the federal Marketplace also may be a thing of the past. Thus, there would have to be some pathways created for claiming and validating some of the more complex exemptions such as general hardship, being a member of a recognized religious sect, or being unable to renew coverage.

We are assuming, of course, that such exemptions will be recognized under Hawaii law. If the legislature's intent is not to carry over the exemptions, then the public should know that this adaptation of the Obamacare individual mandate is more onerous than that provided in the federal law.

Digested 4/1/2017

(Attachment: 1 page)

Types of Coverage Exemptions

This chart shows all of the coverage exemptions available for 2016, including information about where each can be obtained and the code that is to be used on Form 8965 when you claim the exemption. If your coverage exemption was granted by the Marketplace, you will need to enter the Exemption Certificate Number (ECN) provided by the Marketplace (see the instructions for [Part I](#)). For additional detail about the eligibility rules for the coverage exemptions that are claimed on the tax return, see the instructions for lines 8–13, column (c), later.

Coverage Exemption	Granted by Marketplace	Claimed on Tax Return	Code for Exemption
Income below the filing threshold —Your gross income or your household income was less than your applicable minimum threshold for filing a tax return.		✓	No Code See Part II
Coverage considered unaffordable —The required contribution is more than 8.13% of your household income .		✓	A
Short coverage gap —You went without coverage for less than 3 consecutive months during the year.		✓	B
Citizens living abroad and certain noncitizens —You were: <ul style="list-style-type: none"> • A U.S. citizen or a resident alien who was physically present in a foreign country or countries for at least 330 full days during any period of 12 consecutive months; • A U.S. citizen who was a bona fide resident of a foreign country or countries for an uninterrupted period that includes the entire tax year; • A bona fide resident of a U.S. territory; • A resident alien who was a citizen or national of a foreign country with which the U.S. has an income tax treaty with a nondiscrimination clause, and you were a bona fide resident of a foreign country for an uninterrupted period that includes the entire tax year; • Not lawfully present in the U.S. and not a U.S. citizen or U.S. national. For more information about who is treated as lawfully present in the U.S. for purposes of this coverage exemption, visit www.HealthCare.gov; or • A nonresident alien, including (1) a dual-status alien in the first year of U.S. residency and (2) a nonresident alien or dual-status alien who elects to file a joint return with a U.S. spouse. This exemption doesn't apply if you are a nonresident alien for 2016, but met certain presence requirements and elected to be treated as a resident alien. For more information, see Pub. 519. 	✓	C	
Members of a health care sharing ministry —You were a member of a health care sharing ministry.	-	✓	D
Members of Indian tribes —You were either a member of a Federally-recognized Indian tribe, including an Alaska Native Claims Settlement Act (ANCSA) Corporation Shareholder (regional or village), or you were otherwise eligible for services through an Indian health care provider or the Indian Health Service.	-	✓	E
Incarceration —You were in a jail, prison, or similar penal institution or correctional facility after the disposition of charges.	-	✓	F
Aggregate self-only coverage considered unaffordable —Two or more family members' aggregate cost of self-only employer-sponsored coverage was more than 8.13% of household income, as was the cost of any available employer-sponsored coverage for the entire family.		✓	G
Resident of a state that did not expand Medicaid —Your household income was below 138% of the federal poverty line for your family size and at any time in 2016 you resided in a state that didn't participate in the Medicaid expansion under the Affordable Care Act.		✓	G
Eligible for health coverage tax credit (HCTC) —You were eligible for the health coverage tax credit in the month. (For this purpose, you are considered eligible for the HCTC if you would have been eligible had you enrolled in HCTC-qualifying coverage.) This exemption is available only for July through December of 2016.		✓	G
Member of tax household born or adopted during the year —The months before and including the month that an individual was added to your tax household by birth or adoption. You should claim this exemption only if you are also claiming another exemption on your Form 8965.		✓	H
Member of tax household died during the year —The months after the month that a member of your tax household died during the year. You should claim this exemption only if you are also claiming another exemption on your Form 8965.		✓	H
Members of certain religious sects —The Marketplace determined that you are a member of a recognized religious sect.	✓		Need ECN See Part I
Ineligible for Medicaid based on a state's decision not to expand Medicaid coverage —The Marketplace found that you would have been determined ineligible for Medicaid solely because the state in which you resided didn't participate in Medicaid expansion under the Affordable Care Act.	✓		Need ECN See Part I
General hardship —The Marketplace determined that you experienced a hardship that prevented you from obtaining coverage under a qualified health plan.	✓		Need ECN See Part I
Coverage considered unaffordable based on projected income —The Marketplace determined that you didn't have access to coverage that is considered affordable based on your projected household income.	✓		Need ECN See Part I
Unable to renew existing coverage —The Marketplace determined that you were notified that your health insurance policy was not renewable and you considered the other plans available to be unaffordable.	✓		Need ECN See Part I
Certain Medicaid programs that are not minimum essential coverage —The Marketplace determined that you were (1) enrolled in Medicaid coverage provided to a pregnant woman that is not recognized as minimum essential coverage; (2) enrolled in Medicaid coverage provided to a medically needy individual (also known as Spend-down Medicaid or Share-of-Cost Medicaid) that is not recognized as minimum essential coverage; or (3) enrolled in Medicaid coverage provided to a medically needy individual and were without coverage for other months because the spend-down had not been met.	✓		Need ECN See Part I

*As of September 1, 2016, the coverage exemptions for members of health care sharing ministries, members of Indian tribes, and those who are incarcerated are no longer granted by the Marketplace, except in Connecticut. Taxpayers who have an ECN issued by the Marketplace for one or more of these three exemptions may report the ECN on a Form 8965 filed with their income tax return for 2016. Taxpayers who qualify for one or more of these exemptions but who do not have an ECN issued by the Marketplace may claim these exemptions on Part III of Form 8965.

Testimony of
Jonathan Ching
Government Relations Specialist

Before:
Senate Committee on Ways and Means
The Honorable Jill N. Tokuda, Chair
The Honorable Donovan M. Dela Cruz, Vice Chair

April 3, 2017
1:35 p.m.
Conference Room 211

Re: HB552 HD1 SD1 Relating to Health Insurance

Chair Tokuda, Vice Chair Dela Cruz, and Committee Members, thank you for this opportunity to provide testimony on HB552 HD1 SD1, which ensures that certain benefits under the federal Affordable Care Act (ACA) that are not otherwise available via the State's Prepaid Health Care Act, remain available to Hawai'i's residents regardless of the status of the ACA.

Kaiser Permanente Hawaii supports the intent of HB552 HD1 SD1 and offers the following COMMENTS.

As part of one of the nation's largest nonprofit integrated health care systems, Kaiser Permanente Hawaii seeks to make healthcare more affordable and available to everyone. We believe the ACA is a great-step forward and we are committed to the ACA's insurance exchanges. Currently, we provide all the benefits sought to be preserved in HB552 HD1 SD1 to our small group and individual members, including the "essential health benefits", and additional contraception and breastfeeding coverage benefits. Kaiser Permanente Hawaii believes that the benefits under the ACA are based in preventative care, which has always been an essential part of Kaiser Permanente's health plan.

We appreciate that HB552 HD1 SD1 removes prescription drug, habilitative service, and pediatric oral and vision coverage from the list of essential health care benefits that must be provided by *every* health insurance policy, plan, contract, or agreement in the State. Mandating all these benefits, which are currently not in the Prevalent Plan, pursuant to Section 393-7, Hawai'i Revised Statutes, will likely increase the costs of health insurance.

Additionally, Kaiser Permanente Hawaii seeks clarification on some of HB552 HD1 SD1's provisions, including whether HB552 HD1 SD1:

- 1) Will address "grandfathered" and "grandmothered" small group plans, which currently are not required to fully comply with the essential health benefits mandate; and
- 2) Will mandate that the essential health benefit provisions apply to Prepaid and Non-Prepaid groups, including labor & trust and large commercial groups;

As currently drafted, HB552 HD1 SD1 appears to mandate additional benefits to groups, such as labor & trust and large commercial groups, which already have many options on comprehensive plans. Given that these plans are currently exempt from many of the changes required under the ACA, including the essential health benefits, any mandate to require these plans to be subject to these benefits could cause a significant disruption in the marketplace and will increase costs at some point.

Furthermore, we request the Committee urge the Office of the Attorney General to research whether mandating the changes sought under HB552 HD1 SD1 may have the inadvertent effect of jeopardizing the ongoing existence of the State's Prepaid Health Care Act, given that any substantive changes to the Prepaid Health Care Act can cause the Act to sunset.

Finally, while the American Health Care Act introduced by Congressional House Republicans did not receive a vote in late March, there is still looming uncertainty regarding any action that is likely to be taken by Congress. Therefore, the Legislature may wish to consider convening a working group comprised of government, private, and community members to determine the best course of action by the State to ensure the health and well-being of the people of the State of Hawai'i in the advent of the enactment of the American Health Care Act or repeal of the ACA.

We look forward to having the opportunity to work with the Committee to further HB552 HD1 SD1. Thank you for the opportunity to testify on this measure.



An Independent Licensee of the Blue Cross and Blue Shield Association

April 3, 2017

The Honorable Jill N. Tokuda, Chair
The Honorable Donovan M. Dela Cruz, Vice Chair
Senate Committee on Ways and Means

Re: HB 552, HD1, SD1 – Relating to Health Insurance

Dear Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

The Hawaii Medical Association (HMSA) appreciates the opportunity to testify on HB 552, HD1, SD1, which seeks to preserve certain elements of the Affordable Care Act (ACA) within State statute, establishes the Medicaid Plus program, and establishes the Affordable Health Insurance Working Group. HMSA appreciates the intent of this Bill, and we offer comments.

For over 40 years, Hawaii's Prepaid Health Care Act (PHCA) ensured Hawaii would have among the lowest levels of uninsured in the nation. The federal enactment of the ACA reduced the number of uninsured further, affording 55,000 more Hawaii residents access to affordable care from doctors and hospitals. While that achievement potentially now is jeopardized with new federal action, uncertainty abounds with respect to when and how the ACA will be "repealed and replaced."

The drama in Washington during the debate and ultimate postponement of the American Health Care Act legislation underscores the degree of uncertainty and confusion around what actions Congress and the President ultimately will take on the ACA. All of this uncertainty has forced all sectors of the healthcare system to consider a massive range of scenarios as to how people, families, businesses, and the health insurance market may be impacted. As with all other states, we are faced with questions such as:

- Would the state want to provide financial assistance to individual purchasers of health policies in addition to a federal tax credit?
- What actions would a state need/want to take to compensate for the capping of Medicaid dollars?
- What priorities will the state set for the use of federal dollars potentially given the state under suggested block grant funding?
- Generally, what actions would be necessary to ensure state statute comports with whatever the federal government ultimately enacts as new healthcare law?

HB 552, HD1, SD1, offers responses to some of those questions, such as creating a Minimum Essential Coverage Premium Supplementation Fund and a Medicaid Plus program. But, these innovative ideas may be premature or insufficient to address the actions the federal government ultimately takes with respect to the ACA.

This Bill is laudable in its attempt to protect elements of the ACA that have benefitted individuals and families in Hawaii. However, given the level of uncertainty over the timing and conformation of federal action on the ACA, HMSA is supportive of Section 8 of this Bill which establishes the Affordable Health Insurance Working Group "to address the complexities of the health care system in Hawaii and the related uncertainty over the future of the..."ACA. The Working Group would be able to track and analyze proposed changes to the ACA, as they are considered, affording the State the opportunity to consider a more timely, reasoned response to whatever actions the federal government ultimately takes.



An Independent Licensee of the Blue Cross and Blue Shield Association

Thank you for allowing us to testify on HB 552, HD1, SD1. Your consideration of our comments is appreciated.

Sincerely,

A handwritten signature in black ink that reads "Mark K. Oto". The signature is written in a cursive style with a long, sweeping tail on the letter "o".

Mark K. Oto
Director, Government Relations

The Twenty-Ninth Legislature
Regular Session of 2017

THE SENATE

Committee on Ways and Means
Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair
State Capitol, Conference Room 211
Monday, April 3, 2017; 1:35 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 552, HD1, SD1
RELATING TO HEALTH INSURANCE**

The ILWU Local 142 **supports** H.B. 552, HD1, SD1, which ensures that certain benefits of the Affordable Care Act (ACA) are preserved under state law in the event of the repeal of ACA by Congress.

Despite the recent failure of the U.S. House repeal and replace the Affordable Care Act, it is almost certain that Republicans in the U.S. House and Senate will try again. Indeed, President Trump himself is talking about wooing moderate Democrats to consider repeal measures. A repeal will result in millions of Americans once again without health insurance. A replacement program will likely endanger many of the benefits and features of that ACA that have demonstrated their merit.

With the federal law in jeopardy, H.B. 552, HD1, SD1 proposes to insert certain provisions of the ACA into Hawaii statutes to retain the benefits of the Affordable Care Act, even if premium subsidies and tax credits, which have allowed ACA plans to be more affordable, are eliminated.

H.B. 552, HD1, SD1 proposes to retain what are probably the best elements of the Affordable Care Act—like allowing children under age 26 to be covered under their parents’ plans, prohibiting exclusions for preexisting conditions, prohibiting disparate treatment on the basis of gender, and providing coverage for the ten essential health benefits.

H.B. 552, HD1, SD1 also proposes to retain the individual mandate and the tax penalty for lack of coverage—features that may be troublesome for some individuals who are in good health. However, without the individual mandate, adverse selection would occur, and health plans would be populated primarily by those needing health care services and not balanced by those who would use fewer services.

The Affordable Care Act was adopted in the belief that, if all Americans have health insurance, the cost of uncompensated care would not be shifted to those with coverage, individuals would seek health care before their conditions required catastrophic intervention, the “pool” of insured paying for care would be expanded significantly, and health care costs could finally be contained. The goal of the ACA is not simply to control health care costs, although that is a significant objective, but to ensure access to care and, ultimately, quality of life.

Ideally, the Administration and Congress will come to their senses and stop talking about repeal and replace. The ACA is not perfect, and some adjustments should be made. But throwing out the ACA entirely and coming up with a replacement that will fall far short of providing for the health care needs of all Americans is certainly not in anyone's best interest. However, if Congress should go the route of "repeal and replace," H.B. 552, HD1, SD1 will at least help to protect some of the best aspects of the law for Hawaii residents.

The ILWU urges passage of H.B. 552, HD1, SD1. Thank you for the opportunity to offer testimony on this measure.



Date: April 2, 2017

To: The Honorable Jill N. Tokuda, Chair
The Honorable Donovan M. Dela Cruz, Vice Chair
Members of the Senate Committee on Ways and Means

From: Jessica Yamauchi, Executive Director, Hawai'i Public Health Institute

Re: **Strong Support for HB 552, HD1, SD1 Relating to Health Insurance**

Hrg: April 3, 2017 at 1:35 pm at Conference Room 211

Thank you for the opportunity to offer testimony in strong support of HB 552, HD1, SD1, Relating to Health Insurance.

The Hawai'i Public Health Institute (HIPHI) supports and promotes policy efforts to create a healthy Hawai'i. HIPHI weaves silos into working relationships as an effective network, ensuring that we come together across sectors to advance collaboration and innovation in public health and work towards making Hawai'i the healthiest place on earth.

HIPHI strongly supports HB 552, HD1, SD1 which will preserve critical protections of the federal Affordable Care Act (ACA) for Hawaii residents, including: requiring all health insurance entities, including health benefits plans to include health care benefits, plus additional contraception and breastfeeding coverage benefits; extending dependent coverage for adult children until age 26; prohibiting health insurance entities from imposing a pre-existing condition exclusion; and prohibiting health insurance entities from using an individual's gender or age to determine premiums or contributions. Access to health care should be a right and not a privilege.

Hawai'i has led the nation with our prepaid health care law and we should continue to lead the Country. Residents of Hawai'i and our nation have benefited from the ACA and we need to ensure that Hawai'i continues to implement the ACA as intended.

We strongly support this measure and respectfully ask that you pass this bill out of committee. Thank you for the opportunity to provide testimony.

A handwritten signature in black ink that reads 'Jessica Yamauchi'.

Jessica Yamauchi, MA
Executive Director



The Senate
Committee on Ways and Means
Monday, April 3, 2017
1:35 p.m.
Conference Room 211
[Amended Testimony](#)

RE: **HB 552, HD 1, SD1: RELATING TO HEALTH INSURANCE**

To: Senator Jill Tokuda, Chair

Members of the Ways and Means Committee

AARP is a membership organization of people age fifty and over with nearly 150,000 members in Hawaii. AARP advocates and provides information on issues that matter to our kupuna and their families, including affordable, accessible, quality healthcare, financial resiliency, and livable communities.

HB 552, HD1, SD1 ensures certain insurance protections required under the federal Affordable Care Act remain preserved under the Hawaii law.

AARP Hawaii **supports** HB 552, HD1, SD1 especially the prohibitions on preexisting condition exclusions and gender discrimination in premiums and costs. AARP **requests to include a provision to address the Age Tax:**

- AARP opposes the Age tax on older Americans which changes the current age rating from 3 times more (3:1) to five times more (5:1) than what younger individuals have to pay for their health premium.

AARP also opposes any changes in the current health care law that could result in cuts to benefits, increased costs, or reduced coverage for older American such as:

- Per capita cap financing structure (also known as block grant) in the Medicaid program;
- Repealing the fee on manufacturers and importers of branded prescription drugs;
- Having the Medicare program be turned into a voucher system

AARP appreciates the State's vigilance in preserving key consumer protection provisions under the current Affordable Care Act. HB 552, HD1, SD1 establishes the Affordable Health Insurance working group to address Hawaii's health care system given the uncertainty over the ACA's

future. AARP is available to assist and provide feedback to the working group relating to the health care needs and coverage of older adults. Thank you for the opportunity to support this important issue.

From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 31, 2017 5:01 PM
To: WAM Testimony
Cc: kaulanad@gmail.com
Subject: *Submitted testimony for HB552 on Apr 3, 2017 13:35PM*

HB552

Submitted on: 3/31/2017

Testimony for WAM on Apr 3, 2017 13:35PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Kaulana Dameg	Individual	Support	No

Comments:

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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov