



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
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April 3, 2018

TO: The Honorable Donovan M Dela Cruz, Chair
Senate Committee on Ways and Means

FROM: Pankaj Bhanot, Director

SUBJECT: **HB2738 HD1 - RELATED TO CHILDREN'S HEALTH CARE**

Hearing: Thursday, April 5, 2018, 10:30 a.m.
Conference Room 211, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) offers comments.

PURPOSE: The purpose of the bill is to establish the Hawaii infant health care program and the Hawaii children's health care program as temporary three-year pilot programs to expand and monitor health care coverage for children in Hawaii by: (1) Providing continuous, quality health care services to uninsured newborn children who are one day, but not more than thirty days of age through the Hawaii infant care program; provided that these children may enroll in the Hawaii children's health care program upon reaching thirty-one days of age; (2) Providing health care coverage to certain children who are at least thirty-one days, but less than nineteen years old through a public-private partnership between the Department of Human Services and one or more managed care plans operating in the State under chapter 432, Hawaii Revised Statutes, that offer accident and health or sickness insurance plans; and (3) Appropriating funds for these pilot programs.

For consideration, the estimated costs to be split between a health insurer and DHS would be approximately \$18,277,050 per year. This estimate is based on \$2,650 per child per year which is the estimated cost per Medicaid covered child, since the benefits are to be equivalent to the Med-QUEST benefits. Using the estimates of the number of uninsured children noted in the bill, 6,897, the cost for this program could total up to \$18,277,050, of

which 50%, \$9,138,525 would be paid from state funds per year (and would not be eligible for federal match), plus the noted administrative costs for implementing and overseeing a new program. DHS is not aware of a willing health plan or plans willing to cover the other half of required funds. Also of note, this bill does not propose any income limitations for eligible children.

For additional context, Med-QUEST, through Medicaid expansion allowed under the Affordable Care Act, is currently covering children whose families earn up to 313% of the Federal Poverty Level (FPL). Children in these families can receive free comprehensive health insurance through QUEST Integration with no premium or co-pay. For example, the upper income limit for a family of four is \$88,500. This is above the median household income in Hawaii which is currently at \$71,977. As of November 1, 2017, there are over 140,000 children, or more than one in every three children in Hawaii, enrolled in Medicaid. The recent congressional approval of the Children's Health Insurance Program (CHIP) program through Federal Fiscal Year 2027 is also a fundamental piece to ensure that children remain insured.

For families with income over 313% of the Federal Poverty Level, there is an opportunity to purchase health insurance on the Federal Marketplace and potentially leverage financial assistance in the form of Advanced Premium Tax Credit (APTC) to assist with affordability.

We are encouraged that more than 98% of Hawaii's keiki are currently insured,¹ and they will continue to be through the foreseeable future.

This bill's idea of creating a three year pilot program came from a pilot program implemented ten years ago in 2007, Act 236 Keiki Care. It authorized an Infant Health Care program, eliminated Med-QUEST program premiums for U.S. citizen children in families with incomes 251-300% of the Federal Poverty Level (FPL), expanded legal resident children eligibility for free Med-QUEST programs from families with income of 200% FPL to 300%, and

¹ HEALTH INSURANCE COVERAGE STATUS BY SEX BY AGE

Universe: Civilian noninstitutionalized population 

2016 American Community Survey 1-Year Estimates

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_C27001&prodType=table

created the Keiki Care plan, a three-year public private partnership pilot between the State and HMSA to provide a basic health insurance coverage package to children not eligible for Med-QUEST programs. Additionally, the Infant Health Care program was intended to provide health insurance for children from birth to thirty days old. As noted above, since the program ended, there have been considerable changes and expansions to the coverage options available under Medicaid and the Marketplace through the Affordable Care Act.

In a 2009 report to the Hawaii State Legislature, Med-QUEST explained that the pilot program fell considerably short of achieving its intended purpose of insuring previously uninsured infants and children whose parents were unable to afford or were ineligible for health insurance due to their undocumented or temporary visa status. Program participation estimates from the 2008 pilot demonstrated that only about 15% of participants (upper limit of 300 enrollees) were actually from the intended target group. The remaining 85% of participants transitioned from being covered through private pay into coverage through the pilot.

DHS would like to make clear, to implement the program additional funds will need to be appropriated to fund the program as well as additional resources will be required to administer and operationalize the program.

Thank you for the opportunity to provide comments on this measure.