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January 31, 2019

TO: The Honorable Representative Joy A. San Buenaventura, Chair  
House Committee on Human Services & Homelessness

The Honorable Representative John M. Mizuno, Chair  
House Committee on Health

FROM: Pankaj Bhanot, Director

SUBJECT: **HB 1415 – RELATING TO HEALTH INSURANCE**

Hearing: Friday, February 1, 8:30 a.m.  
Conference Room 329, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) offers comments and requests clarification regarding the intent of the bill to create the Hawaii Care Plan in the State Medicaid program to provide insurance for any individual who is not otherwise eligible for Medicaid.

**PURPOSE:** The purpose of this bill is to establish the Hawaii Care Plan within the State Medicaid program. The Hawaii Care Plan would be available to any individual in the State who would not otherwise qualify to enroll in Medicaid. The Hawaii Care Plan would also be available in the federal health insurance marketplace and the Director of Human Services would apply for a federal waiver to allow individuals eligible for advance premium tax credits and cost-sharing reductions under 45 CFR §155.305 to use those credits and reductions to enroll in the Hawaii Care Plan. Health care coverage would be subject to the same terms as health coverage provided to Medicaid beneficiaries who do not participate in a Medicaid managed care program. Non-emergency medical transportation (NEMT) would not be covered under the Hawaii Care Plan.

According to Kaiser Family Foundation, Hawaii had the second-lowest uninsured rate in the US in 2017. Also in 2017, Bloomberg News named Hawaii as the state with the most efficient and effective healthcare system in the US. DHS requests clarification on whether the intent of the Hawaii Care Plan is to improve access to healthcare coverage or increase healthcare system efficiency, or whether there are other policy goals.

DHS requests clarification on the intent of the language in the bill that specifies that healthcare coverage would be subject to the same terms as health coverage provided to Medicaid beneficiaries who do not participate in a Medicaid managed care program. DHS notes that currently there is no significant non-managed care program in the Medicaid program. Essentially the entire Medicaid beneficiary population participates in managed care QUEST Integration (QI) program.

If we assumed that the language means that healthcare coverage rules would be governed by the Medicaid State Plan, which does not allow for an entity to manage care, a Hawaii Care Plan participating health plan would not be able manage care and instead would be paying claims under a fee-for-service model. These types of healthcare financing models can be expensive precisely because plans lack the ability to manage care. The current cost of the Med-QUEST program is directly related to the design of the QI program in that QI plans function like health maintenance organizations (HMOs). QI plans have the flexibility to coordinate care and to promote the use of primary care services. DHS requests clarification on whether the intent of the bill is to prohibit the plan or plans participating in the Hawaii Care Plan from using the managed care tools provided to QI plans.

The language specifies that healthcare coverage in the Hawaii Care Plan would be subject to the same terms as health coverage provided to Medicaid beneficiaries who do not participate in a Medicaid managed care program, minus the non-emergency transportation program. This would result in a smaller benefit package than what is offered to beneficiaries in the QI program for some services. The Section 1115 waiver from the federal government that authorizes the managed care program is also the agreement with the federal government that gives DHS the authority to offer home- and community-based services (HCBS).

However, other long term care services are mandated such as nursing facility stays. DHS requests clarification on the intent of the bill regarding long term supports and services in the Hawaii Care Plan.

Thank you for the opportunity to testify on this bill.



**LATE**

To: Honorable Chair John M. Mizuno  
Honorable Vice Chair Bertrand Kobayashi  
Members of the House Committee on Health

From: Health Committee of the Democratic Party of Hawai'i

RE: **Testimony in SUPPORT of HB 1415: Relating to Health Insurance.**

Thank you for the opportunity to testify on this measure; the Health Committee of the Democratic Party of Hawai'i supports reforms that would move Hawai'i closer to truly universal, cost-effective health care. This bill would allow for an improved version of Hawai'i's Medicaid program to be offered to anyone in the state who does not already qualify for Medicaid to buy into the Medicaid program.

To improve physician participation in Medicaid, reduce current barriers to care, and streamline administration of the Medicaid program to make it more cost-effective, we feel that a study should be conducted to determine the best way to make these necessary reforms prior to health care exchange implementation.

A fair and objective analysis can be performed if this study group includes individuals whom have expertise in health policy, but do not work for agencies with a stake in the status quo. We are not advocating for the study to be done by a department or office such as the Dept. of Health, Dept. of Human Services, or the Legislative Reference Bureau. Instead, in the interest of reform, we support convening a panel comprised of health community members with expertise in both state and national health policy, chosen by the Senate President and Speaker of the House, with consultation from the National Conference for State Legislators and the Council for State Government.

Mahalo for your consideration,

Marion Poirier  
Vice Chair, Health Committee,  
Democratic Party of Hawai'i

**HB-1415**

Submitted on: 1/31/2019 8:46:50 PM

Testimony for HSH on 2/1/2019 8:30:00 AM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Joseph Brown III	Individual	Support	No

Comments:

Aloha Chair San Buenaventura, Chair Mizuno, and Members,

I strongly Support this bill. Despite the progress made by the Affordable Care Act in expanding access for many people, health insurance coverage continues to be inaccessible and expensive for too many families/individuals. Hawai'i deserves a system that would bring us closer to universal healthcare coverage, and in doing so, better embody the Aloha spirit. Please vote YES.

Mahalo,

Joey Brown, Kailua, HI

**HB-1415**

Submitted on: 1/31/2019 8:58:00 PM

Testimony for HSH on 2/1/2019 8:30:00 AM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Rachel L. Kailianu	Ho`omana Pono, LLC	Support	Yes

Comments: