



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

April 1, 2009

MEMORANDUM

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 1205, S.D. 2, H.D. 2 – RELATING TO TEMPORARY HEALTH
INSURANCE FOR UNEMPLOYED PERSONS**

Hearing: Wednesday, April 1, 2009, 2:00 p.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of this bill is to establish a temporary health insurance program for unemployed individuals. Places the program in the Department of Human Services and appropriates general funds.

DEPARTMENT'S POSITION: While the Department of Human Services (DHS) appreciates the intent of this bill because of the current economy's impact on the ability of Hawaii residents to maintain health coverage, DHS must respectfully oppose this bill because of the State's fiscal situation and the costs of administering this entirely State-funded program. Additionally, the program referenced in the bill should be QUEST-ACE NOT QUEST-NET.

It's important to note that children are eligible for our QUEST program if the household income is 300% of the federal poverty level (FPL) or less. If a household

member loses his or her job, we encourage them to apply on behalf of their children for QUEST coverage. For example, a family of four can earn over \$76,000 annually and qualify. DHS encourages any parent who has lost a job or might otherwise have an income below this threshold to apply for QUEST for their children. For children in families with a household income exceeding this threshold, a private low cost health plan already exists.

In addition, the American Recovery and Reinvestment Act (ARRA) provide some relief for those who have become unemployed and are eligible to purchase COBRA. The ARRA has specific provisions for the Federal government to pay for 65% of COBRA payments for individuals who have been involuntarily terminated from employment. This subsidy does not involve the State.

Some adults who have had involuntary loss of or decrease in employment may not be able to afford their subsidized COBRA premiums. For those who cannot afford a full benefit insurance plan, QUEST-ACE could provide a limited insurance benefits package. Please note that the bill should reference QUEST-ACE, not QUEST-NET because QUEST-NET includes the State Children's Health Insurance Plan, i.e. QUEST enrollment for children.

QUEST-ACE provides medical coverage to adults between age 19 through 64 who could not receive QUEST benefits due to the QUEST enrollment cap or due to having countable annual incomes above 100% of the FPL. To be eligible for QUEST-ACE, countable annual income cannot exceed 200% of the FPL or \$23,928 for a single adult and \$32,208 for a married couple. The annual benefits of QUEST-ACE include 12 outpatient visits, 10 inpatient days, 6 mental health visits, emergency room services, and prescription drugs limited to certain antibiotics and contraceptives.



If this bill is passed, DHS is concerned because the new program would require additional funding and staff for administration in order to ensure that current administrative responsibilities necessary to meet Federal requirements are not compromised. Administering this new program would be labor-intensive to verify eligibility and collect monthly premiums from all participants. The proposed program would be entirely State funded.

Additionally, if those who private-pay into QUEST-ACE, as proposed by this bill, are high medical utilizers, then the premiums could increase, because the QUEST-ACE pool would be altered. This would correspondingly increase the cost to the State because DHS currently pays the premium for those individuals who qualify under the QUEST-ACE income and asset tests.

Finally, although the bill refers to temporary insurance, the bill does not specify a maximum duration of benefits. If passed, we recommend no longer than a one year pilot to evaluate the program's effectiveness and cost to the State.

Thank you for the opportunity to testify on this bill.

The Twenty-Fifth Legislature
Regular Session of 2009

HOUSE OF REPRESENTATIVES

Committee on Finance

Rep. Marcus R. Oshiro, Chair

Rep. Marilyn B. Lee, Vice Chair

State Capitol, Conference Room 308

Wednesday, April 1, 2009; 2:00 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 1205, SD2, HD2
RELATING TO TEMPORARY HEALTH INSURANCE FOR UNEMPLOYED PERSONS**

The ILWU Local 142 supports S.B. 1205, SD2, HD2, which provides temporary health insurance for unemployed persons who lost their health insurance.

The unemployment rate in Hawaii is the highest it has been in 30 years. Thousands of Hawaii residents are without jobs or have reduced work hours. Most are collecting unemployment benefits, but many have exhausted their eligibility for benefits. With seriously reduced income, most of them find themselves and their families without health insurance, placing an additional burden on hospitals and insurance plans.

S.B. 1205, SD2, HD2 will help to provide coverage to those who would otherwise be uninsured. While the Legislature may believe the State cannot afford such expenditure in this difficult economic climate, the alternative is to increase the number of uninsured persons who will likely require health services at some point, thus burdening hospitals which are themselves struggling and will no doubt pass on the cost to other paying customers. This scenario is not acceptable.

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for COBRA premium reduction and will limit a person's premium to 35% for up to nine months. However, even 35% may be too much for an unemployed family to afford. S.B. 1205 can supplement the intent of the ARRA.

Temporary health insurance will provide relief not only to the workers and their families, but it will serve to relieve the health care sector from additional cost to provide services to increasing numbers of the uninsured.

The ILWU urges passage of S.B. 1205, SD2, HD1. Thank you for considering our testimony.

HMSA



A subsidiary of the Blue Cross and Blue Shield Association

April 1, 2009

The Honorable Marcus Oshiro, Chair
The Honorable Marilyn Lee, Vice Chair

House Committee on Finance

Re: SB 1205 SD2 HD2 – Relating to Temporary Health Insurance for Unemployed Persons

Dear Chair Oshiro, Vice Chair Lee and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 1205 SD2 HD2.

While Hawaii can boast a lower than average uninsured rate due to the Prepaid Health Care Act (PHCA), it also must be noted that when the economy is not faring well and unemployment is rising the PHCA cannot assist those who have lost their health care coverage along with their jobs.

The initiative outlined in SB 1205 SD2 HD2 could help uninsured individuals in need of health care coverage in this difficult environment. Allowing those who are out-of-work to utilize the existing QUEST-Net plan for health care coverage will likely curb expensive and unaffordable trips to the emergency room. With Hawaii's unemployment rate hitting a ten year high, the legislature's proposal to provide assistance in this fashion makes good sense.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read "JD", with a long horizontal stroke extending to the right.

Jennifer Diesman
Assistant Vice President
Government Relations



FINTestimony

From: Joel Fischer [jfischer@hawaii.edu]
Sent: Monday, March 30, 2009 3:51 PM
To: FINTestimony
Subject: SB1205;FIN;4/1/09;2PM;Rm308

SB1205, SD2, HD2, Relating to Temporary Health Insurance
FIN; Chair, Rep Oshiro

PLEASE PASS THIS BILL!

I want to thank the introducer and the signers of this bill for introducing it and holding this hearing. This bill is one of the clearest examples of a compassionate Legislature doing whatever is possible to preserve the safety net. We are going to see a huge outpouring of need over the next 2 years, and we should do everything possible to help our people with their most basic needs, especially health care.

Thank you so much.

Aloha, joel

Dr. Joel Fischer, ACSW
Professor
University of Hawai'i, School of Social Work
Henke Hall
Honolulu, HI 96822

"It is reasonable that everyone who asks justice should DO justice."
Thomas Jefferson

"There comes a time when one must take a position that is neither safe, nor politic, nor popular, but one must take it because one's conscience tells one that it is right."
Dr. Martin Luther King, Jr.

"Never, never, never quit."
Winston Churchill



To: Representative Marcus Oshiro
House Committee on Finance

Fr: James Agor
University of Hawaii at Manoa
Masters in Social Work Student

Subject: **SB 1205, SD2, HD 2 – RELATING TO TEMPORARY HEALTH INSURANCE
FOR UNEMPLOYED PERSONS**

Hearing: Wednesday, April 1, 2009, 2:00 p.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of this Act is to help persons who no longer qualify for health insurance because of loss of full-time employment maintain health care coverage by providing a temporary health insurance program.

POSITION: I am in full support of this bill. In these current economic times, and with Hawaii's unemployment at record highs, we must take action to make sure that those who no longer qualify for health care benefits do not fall through the cracks and go uninsured. With people losing jobs compounded with the lack of affordable medical insurance, we will see more people going bankrupt. I, personally, have experienced a time in which I was laid off and was receiving unemployment benefits. I was offered Cobra medical insurance but simply could not afford it. After all of my bills were paid for the month, I had barely anything left for the high cost of the Cobra premium. I opted to go uninsured and take the risk due to my need for shelter and food. Health care is a basic human need and should be made available especially in our state's current economic situation. Please pass this bill.

Thank you for the opportunity to testify.

Mahalo,
James Agor