

JAN 28 2009

S.B. NO. 1205

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## A BILL FOR AN ACT

RELATING TO TEMPORARY HEALTH INSURANCE FOR UNEMPLOYED PERSONS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Current economic conditions, both nationally  
2 and worldwide, have had a tremendous affect on the State's  
3 primary industry, tourism, and has caused a ripple effect that  
4 has been felt in all sectors of our economy.

5           The downturn in our visitor industry, as well as our  
6 economy in general, has caused significant numbers of our  
7 residents to be victims of employment furloughs, layoffs,  
8 reduced work hours, and terminations. While these former  
9 employees may obtain some financial relief through unemployment  
10 insurance benefits, they may not, for financial or other  
11 reasons, be able to continue their health care insurance  
12 coverage.

13           Moreover, global events continue to affect our already  
14 tenuous economic situation. Although the state, and our  
15 nation, will once again experience prosperous times, our  
16 economic future is uncertain for the foreseeable future. The  
17 legislature finds that by assisting those in need through the  
18 maintenance of health insurance, the economic impact of having a



1 large population of medically uninsured persons will be  
2 lessened.

3 The purpose of this Act is to help unemployed persons to  
4 maintain health care coverage by providing a temporary program  
5 of health insurance.

6 SECTION 2. There is established in the department of human  
7 services the temporary health insurance for unemployed persons  
8 program to provide temporary health care coverage for persons  
9 who have lost employment.

10 To be eligible to participate in this program the person  
11 shall:

- 12 (1) Have lost the person's health insurance as a result of  
13 a furlough, layoff, reduced work hours, or termination  
14 of employment;
- 15 (2) Not be eligible for any health insurance coverage from  
16 another source; and
- 17 (3) Agree to pay for the costs of the person's coverage  
18 premium.

19 This program shall have a benefit package similar to the basic  
20 benefits provided in the department of human services' QUEST-Net  
21 program and shall be administered by the department of human  
22 services.



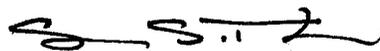
1 SECTION 3. There is appropriated out of the general funds  
2 of the State of Hawaii the sum of \$ or so much thereof as  
3 may be necessary for fiscal year 2009-2010 and the sum of  
4 \$ or so much thereof as may be necessary for fiscal year  
5 2010-2011 for administration of the program established by this  
6 Act.

7 The sums appropriated shall be expended by the department  
8 of human services for the purposes of this Act.

9 SECTION 4. This Act shall take effect on July 1, 2009.

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INTRODUCED BY:





S.B. NO. **1205**

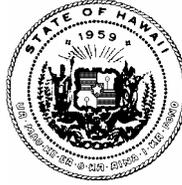
**Report Title:**

Health Insurance

**Description:**

Provides temporary health insurance for unemployed persons who lost their health insurance.





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

February 10, 2009

MEMORANDUM

TO: Honorable David Y. Ige, Chair  
Senate Committee on Health  
  
Honorable Rosalyn H. Baker, Chair  
Senate Committee on Commerce and Consumer Protection

FROM: Lillian B. Koller, Director

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

Hearing: Tuesday, February 10, 2009, 8:30 A.M.  
Conference Room 016, 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: The Department of Human Services appreciates the intent of this bill, provided its passage does not negatively impact the funding priorities of the Executive Biennium Budget.

As unemployment is rising, an increasing number of people may lose their health insurance. It's important to note that for children, they are eligible for QUEST if the household income is 300% of the federal poverty level (FPL) or less. A family of four, for instance, can earn over \$73,000 annually and qualify. If a household member loses

his or her job, we encourage them to apply on behalf of their children for QUEST coverage.

For adults above 100% of the FPL, QUEST-ACE and QUEST-Net are available Medicaid programs. The current cost per member is presently \$128 per month and the program currently has 7,117 active members. The total cost for the program is \$914,107 in State general funds and Federal funds to provide limited health benefits including 12 outpatient visits, 10 inpatient hospital days, 6 mental health visits, emergency room services, and limited prescription drugs per year.

The State's share for QUEST-ACE and QUEST-Net totals \$411,348. While the per member per month rate is expected to increase, the State share would be expected to decrease based on the projected FMAP increases in the Federal stimulus package.

The stimulus package is expected to also have specific provisions for coverage of those who are unemployed. Any temporary health insurance authorized by this bill should be able to be revised based on the final provisions of the stimulus package. However, if the stimulus package does not have such provisions, the health insurance program proposed by this bill would be completely State funded and, no doubt, impact or replace priorities in the Executive Biennium Budget which we oppose doing.

The monies appropriated in this bill would provide coverage for approximately 12,360 new members based on the monthly rate for QUEST-ACE and QUEST-Net and the COBRA payments. A supplemental appropriation would be needed to cover additional members. In addition, there is no appropriation for administrative costs to operate this additional program including the need for additional eligibility workers.

Thank you for the opportunity to testify on this bill.

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 9, 2009

The Honorable David Ige, Chair  
The Honorable Rosalyn Baker, Chair

Senate Committees on Health and Commerce and Consumer Protection

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

Dear Chair Ige, Chair Baker and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 1205 which would create a safety net for individuals who have lost their employer based health care coverage due to the economic downturn.

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 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' followed by a long horizontal stroke.

Jennifer Diesman  
Assistant Vice President  
Government Relations

**From:** Joel Fischer [jfischer@hawaii.edu]  
**Sent:** Thursday, February 05, 2009 2:11 PM  
**To:** CPN Testimony  
**Subject:** SB1205;CPN;2/10/09;8:30AM;Rm229

**Importance:** High

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

SB1205, Relating to Temporary Health Insurance  
Commerce and Consumer Ed; Chair, Sen Baker

**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  
President, 19-3, Democratic Part

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