



HPCA

HAWAII PRIMARY CARE ASSOCIATION

LATE TESTIMONY

House Committee on Finance

The Hon. Marcus R. Oshiro, Chair

The Hon. Marilyn B. Lee, Vice Chair

Testimony in Opposition to Senate Bill 1276 SD2 HD2

Relating to the Insurance

Submitted by Robert Hirokawa, Chief Executive Officer

April 4, 2012, 2:00 pm, Conference Room 308

The Hawai'i Primary Care Association (HPCA), representing community health centers in Hawai'i, opposes Senate Bill 1276 SD2 HD2, relating to Insurance. As it is currently written, the bill serves as a vehicle to block the implementation of a Basic Health Plan here in Hawaii, a coverage option the HPCA has been in support of since the release of the Affordable Care Act in 2010.

As written in the ACA, the Basic Health Plan is a federally funded Medicaid-like program that is targeted at individuals and families earning between 133-200% of the federal poverty level (FPL). The BHP operates with the federal government *automatically* providing states with 95% of the funding they would have provided in tax breaks and subsidies for those individuals purchasing health insurance through the exchange.

Stan Dorn with the Robert Wood Johnson Foundation, the country's largest private non-partisan healthcare philanthropic organization, has extensively researched the BHP and found that the 95% federal funding will cover nearly, if not all, health needs of BHP patients. This is because BHP is calculated off of exchange insurance rates, which means individuals will receive on average 29% more in federal funding than what it would cost to provide Medicaid coverage. As a result states will be able to accrue significant savings moving forward.

From a coverage standpoint, it is especially important to implement the BHP as soon as possible so as to minimize the effects if impending Medicaid cuts. It was announced earlier this week that effective July 1, 2012, state Medicaid coverage for adults will be reduced from 200 to 133% FPL. Conservative estimates report that this will disenroll 3,000-5,000 people from coverage. Providing the BHP will offer a continuity of care to those individuals by ensuring they are still able to access needed health services. Further, it will ensure they don't lose coverage and resort to costly emergency room care.

Thank you for the opportunity to testify on this matter.