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March 28, 2013

TO: The Honorable Mele Carroll, Chair
House Committee on Human Services

The Honorable Della Au Belatti, Chair
House Committee on Health

FROM: Patricia McManaman, Director

SUBJECT: **H.C.R. 147/H.R. 116 – URGING CONSIDERATION OF MEDICAID EXPANSION AS A VIABLE SOLUTION TO PROVIDE INSURANCE COVERAGE FOR HAWAII RESIDENTS WITH INCOME BETWEEN ONE HUNDRED THIRTY=THREE PERCENT AND TWO HUNDRED PERCENT OF THE FEDERAL POVERTY LEVEL**

Hearing: Thursday, March 28, 2013; 10:30 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of this resolution is to urge consideration of expanding Medicaid to provide insurance coverage for Hawaii residents with income between one hundred thirty-three percent to two hundred percent of the federal poverty level (FPL).

DEPARTMENT'S POSITION: The Department of Human Services (DHS) provides the following comments on H.C.R.147/H.R. 116. Providing the Medicaid expansion proposed in these resolutions will require substantial additional general funds and a very substantial loss of federal funds.

The Affordable Care Act (ACA) creates a new avenue for individuals to access affordable health insurance which is subsidized based on income (with no asset limit) by the federal government and does not require any State funding. These individuals, who do not qualify for Medicaid because their income is too high, will be eligible for Advance

Premium Tax Credits and cost share reductions based on a sliding scale based on income.

An actuarial report commissioned by the Department of Commerce and Consumer Affairs, estimates that the monthly premium a 40-year old non-smoker at 138% FPL would be $282 for a silver qualified health plan purchased through the health insurance exchange. The individual would receive a federal advance premium tax credit of $232 and subsequently pay a monthly premium of $50. On average, the individual would have $85 per month in cost-sharing, but would receive a cost-sharing reduction of $60 so would only be expected to pay $25. Therefore, the federal subsidy is estimated to be $292 per month of new federal funding. The DHS would pay nothing for an individual enrolled in a qualified health plan through the health insurance exchange.

If Medicaid expanded as proposed in this resolution, the monthly capitation payment for the same individual is estimated to be $213.91 of which approximately 51.85% or $110.91 is federally funded. By moving individuals out of the health insurance exchange and into a Medicaid expansion, Hawaii would lose approximately $181.09 per individual per month ($292 - $110.91). With an estimated 25,000 such individuals, the total federal funding loss will be $54,327,000 per year. In addition, DHS would require a general fund appropriation of $30,900,000 per year.

Effective July 1, 2012 in preparation for the implementation of the Affordable Care Act, the income eligibility limit for Hawaii's Medicaid program was reduced to 133% FPL, and the asset limit was increased, e.g. for an individual from $2,000 to $5,000. The income eligibility limit reduction affected only non-pregnant adults in the QUEST-ACE or QUEST-Net programs. The Department continues to provide coverage for pregnant women up to 185% FPL and children up to 300% FPL.

Thank you for the opportunity to testify on this measure.

Community Alliance *for* Mental Health

To: The Hawai'i State House of Representatives Committees on Health and Human Services
Re: HCR 147 / HR 116

To: The Honorable Representatives Carroll, Belatti, and the members of their committees.

Aloha,

The Community Alliance for Mental Health along with United Self Help strongly supports HCR 147 / HR 116. We believe that the expansion of Hawai'i's Medicaid program to include the uninsured and those of our islands whose incomes fall between 100% and 133% of the federal poverty level is an integral part of Hawai'i's health care transformation.

We believe that it is an essential element in supporting Hawai'i's hospitals which now carry annual losses while covering this population. We believe that it is an important public health necessity.

We strongly urge this committee to support HCR 147 / HR 116.

Mahalo,
Scott Wall
Vice-President

AlohaCare
For a healthy Hawaii.

March 28, 2013
10:30am
Conference Room 329

To: The Honorable Mele Carroll, Chair
The Honorable Bertrand Kobayashi, Vice Chair
House Committee on Human Services

The Honorable Della Au Belatti, Chair
The Honorable Dee Morikawa, Vice Chair
House Committee on Health

From: Paula Arcena, Director of Public Policy
Robert Toyofuku, Government Affairs

Re: HCR147/HR116 Urging Consideration of Medicaid Expansion as a Viable Solution to Provide Insurance Coverage for Hawaii Residents with Income Between One Hundred Thirty-Three Percent and Two Hundred Percent of the Federal Poverty Level

Thank you for the opportunity to testify in **strong support** of HCR147 and HR116.

AlohaCare was founded nearly 19 years ago by Hawaii's community health centers to be a safety-net health plan dedicated to providing coverage for Hawaii's low-income families and residents. We serve over 70,000 QUEST members statewide.

We believe that expanding Hawaii's Medicaid eligibility to include those with household incomes 133%-200% FPL merits serious consideration. Currently, Hawaii's current Medicaid eligibility is 133% FPL and below. Federal matching funds are available for an increase to 200% FPL.

Increasing Medicaid eligibility would help to mitigate the negative impacts of health insurance "churn". Churn refers to the loss of health insurance coverage and is more common at lower income levels.

Churn is an important factor because the loss of health insurance coverage undermines a patient's ability to access necessary care and services, as well as health plan and provider efforts to maintain treatment that prevent and control illness, and therefore health care costs to the State of Hawaii.

Breaks in coverage often result in a patient returning to eligibility sicker than when they left. Uninsured, many patients go without care and enabling services, which increases the chance they will require high cost emergency and in-patient services.

The introduction of the Hawaii Health Connector in October of this year will offer subsidies and assistance to those with incomes in the 133%-400% FPL range. While helpful, it does not provide for seamless coverage. Additionally, unlike Medicaid Connector coverage will require the patient to pay a premium and co-payments, which can be a barrier to coverage.

AlohaCare is a non-profit, Hawaii based health plan founded in 1994 by Hawaii's community health centers to serve low-income families and medically vulnerable members of our community through government sponsored health insurance programs. We serve beneficiaries of Medicaid and Medicare on all islands.

We urge the committees to support these resolutions.

Thank you for this opportunity to testify.

The Twenty-Seventh Legislature
Regular Session of 2013

HOUSE OF REPRESENTATIVES
Committee on Human Services
Rep. Mele Carroll, Chair
Rep. Bertrand Kobayashi, Vice Chair
Committee on Health
Rep. Della Au Belatti, Chair
Rep. Dee Morikawa, Vice Chair

Hawaii State Capitol, Room 329
Thursday, March 28, 2013; 10:30 a.m.

STATEMENT OF THE ILWU LOCAL 142 ON HCR 147 / HR 116
Urging Consideration of Medicaid Expansion as a Viable Solution To Provide Insurance Coverage for Hawaii Residents with Income Between 133 Percent and 200 Percent of the Federal Poverty Level

The ILWU supports HCR 147 and HR 116 to provide Medicaid coverage for those in the "gap group" with income between 133% and 200% of the Federal Poverty Level.

Hawaii's Prepaid Health Care Act intended that people who work would be provided with health insurance. However, a provision in the law allows that those working part-time (less than 20 hours a week) may be exempt from coverage. These people may work more than one part-time job but be without mandated health insurance coverage because they fail to meet the threshold for any job.

Another problem occurs when workers, many who have worked their entire lives, become disabled and no longer able to work and be eligible for health insurance. They may have very little in savings and can meet the asset test for Med-QUEST, but their income, while small in light of Hawaii's cost of living, is too high to qualify them for Med-QUEST coverage.

These are the gap group folks that this resolution seeks to address and support. Having too little income to pay for health insurance but too much to qualify for Med-QUEST, these workers and their families need help.

With the mandate that is to be imposed by the federal Affordable Care Act, these individuals and families will be forced to enroll in health plans through the Hawaii Health Connector but will be unable to afford the premium. Expansion of Med-QUEST to 200% of the federal FPL seems a prudent step, especially in light of the fact that, it seems, the federal government will support such expansion, in principle and with dollars.

The ILWU urges adoption of HCR 147 and HR 116. Thank you for considering our views on this matter.

HPCA

HAWAI'I PRIMARY CARE ASSOCIATION

House Committee on Human Services
The Hon. Mele Carroll, Chair
The Hon. Bertrand Kobayashi, Vice Chair

House Committee on Health
The Hon. Della Au Belatti, Chair
The Hon. Dee Morikawa, Vice Chair

Testimony on HCR 147/HR 116

URGING CONSIDERATION OF MEDICAID EXPANSION AS A VIABLE SOLUTION TO PROVIDE INSURANCE COVERAGE FOR HAWAII RESIDENTS WITH INCOME BETWEEN ONE HUNDRED THIRTY-THREE PERCENT AND TWO HUNDRED PERCENT OF THE FEDERAL POVERTY LEVEL

Submitted by Robert Hirokawa, Chief Executive Officer
March 28, 2013, 10:30 a.m., Room 329

Recent budget constraints in Hawaii required the State Department of Human Services, MedQUEST division, to make certain program cutbacks. Chief among those was the reduction of Medicaid coverage for individuals earning 200% of the Federal Poverty Level back to 133% FPL. While this measure did serve to align the department with fiscal considerations, it also served to create a new "Gap Group" in the state.

The Hawaii Primary Care Association identifies the gap group as those individuals between 133% and 200% of the FPL. Most of these individuals are the working poor and unlikely to purchase health insurance through the Hawaii Health Connector. Often these individuals present with more complex health care needs, a direct result of their financial and housing situations. Generally, these patients and their families require multiple support systems that more closely align with a Medicaid benefit package than with a commercial benefit package.

This issue is of special importance to community health centers because the vast majority of this newly created gap group receives care at our sites. Community health centers provide fully integrated services that encompass preventive, medical, primary, dental, behavioral, social, and enabling services. This comprehensive approach enables health centers to treat the complex and varying conditions presented by gap group patients.

However, as these individuals are both newly uninsured and have the most diverse health needs, they represent a very costly population. Health centers are federally mandated to provide care to any patient in need of services, meaning that this population could become a financial burden. In addition, if these individuals do not seek care from health centers, they are most likely to seek out emergency department services which are much more expensive to the state.

As it currently stands, there are only two options for the gap group to obtain health coverage in the state. The first is to purchase insurance through the Hawaii Health Connector. Given that the average income for a family of four living at 134% of FPL currently brings home $36,000 a year, this seems unlikely.

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The second option is for the state to return Medicaid coverage back to the previous level of 200% FPL. The Hawaii Primary Care Association is in support of returning Medicaid coverage back to previous levels and asks that the state consider it as a viable option for gap group individuals moving forward.

We thank you for the opportunity to testify on this important issue.

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