TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-EIGHTH LEGISLATURE, 2015

ON THE FOLLOWING MEASURE:
H.B. NO. 1239, RELATING TO HEALTH CARE.

BEFORE THE:
HOUSE COMMITTEES ON HEALTH AND ON HUMAN SERVICES

DATE: Friday, February 13, 2015 **TIME:** 8:30 a.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): Russell A. Suzuki, Attorney General, or
Lee-Ann N.M. Brewer, Deputy Attorney General

Chairs Belatti and Morikawa and Members of the Committees:

The Attorney General objects to section 2 of this measure as it may unconstitutionally restrict access to benefits, and also offers additional comments.

The purpose of this bill is to require the Department of Human Services to pay any health insurance costs that must be paid by certain low-income noncitizens who are ineligible for Medicaid due to citizenship status, and who will be subject to these costs when they purchase health insurance through the Hawaii health insurance exchange, called the Hawaii Health Connector (the Connector). The health insurance costs to be paid include the individual's share of premium due to the health plan that is not covered by a federal subsidy, and any co-payments and deductibles up to the maximum out-of-pocket costs of at least one of the "silver II plans."

THIS BILL MAY UNCONSTITUTIONALLY RESTRICT ACCESS TO BENEFITS

Section 2 of the measure provides that two categories of adult, non-pregnant individuals would be eligible to have their health insurance costs covered. The first includes Hawaii residents who are present in the State under a Compact of Free Association (COFA) that the United States has with the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau (collectively "COFA residents"). The second includes lawfully present legal permanent residents admitted to the United States for less than five years. The Attorney General is concerned that the classification of eligible noncitizens under this measure is too narrow, and may be subject to constitutional challenge on the basis of equal protection.

Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, also referred to as the Welfare Reform Act, Congress enacted new rules

regarding the eligibility of aliens for public benefits. In part, the Welfare Reform Act defined which categories of noncitizens States may or may not cover when providing state public benefits. The payment of health insurance costs provided under this measure constitutes a state public benefit under the Welfare Reform Act, 8 U.S.C. § 1621(c) (A State public benefit is, among other things, any welfare, health or similar benefit for which payments or assistance are provided to an individual, household, or family unit by an agency of a State government or by appropriated funds of the State).

The Welfare Reform Act *requires* that certain "qualified aliens" (i.e., lawful permanent residents who worked 40 qualifying quarters under the Social Security Act, certain active duty military personnel and veterans, and others) be eligible for any state public benefit. The State is *authorized* to decide whether all other qualified aliens, as well as nonimmigrants and individuals paroled into the United States for less than one year, are eligible for state public benefits. Anyone who is not a qualified alien, nonimmigrant, or parolee is *prohibited* from receiving any state public benefit. 8 U.S.C. § 1621. Therefore, the assistance provided under this measure *must* be provided to persons that the State is required to cover under the Welfare Reform Act, and *may* be provided to other qualified aliens, nonimmigrants, and individuals paroled into the United States for less than one year.

The term "qualified alien" under the Welfare Reform Act includes the lawful permanent residents covered by this measure, but it also includes asylees, refugees, persons paroled into the United States for over one year, conditional entrants, Cuban/Haitian entrants, certain battered or trafficked aliens, and persons whose deportation is withheld. Many of these individuals would actually be eligible for Medicaid under Welfare Reform Act exceptions, but persons paroled into the United States for over one year, conditional entrants, and certain noncitizens who were battered or subject to trafficking are not eligible for Medicaid for five years after entry into the United States. During that time, they would not be eligible to have their insurance costs paid under this measure.

Similarly, COFA residents are, by definition under the Compacts, "nonimmigrants." See, for example, section 141(a) of Pub. L. No. 99-658, November 14, 1986, 100 Stat. 3672. However, because this measure identifies only lawful permanent residents and COFA residents as being eligible for this benefit, there are other nonimmigrants from other countries who would

not be eligible for assistance under this measure. The term "nonimmigrant" is very broad, and includes visitors for business and pleasure, foreign students, crewmen, ambassadors and diplomats, athletes, and artists, among others. To the extent that any of these nonimmigrants are eligible to purchase health insurance through the Connector and have income less than 100 percent of the federal poverty level, they will not be eligible to have their health insurance costs covered under this measure.

The Fourteenth Amendment of the United States Constitution provides that "[n]o state . . . shall deny to any person within its jurisdiction the equal protection of the laws." U.S. Const. amend. XIV, §1. The word "person" in this context includes "lawfully admitted resident aliens as well as citizens of the United States." Graham v. Richardson, 403 U.S. 365, 371 (1971). While equal protection directs that "'all persons similarly circumstanced shall be treated alike,' . . . [t]he Constitution does not require things which are different in fact or opinion to be treated in law as though they were the same." Plyler v. Doe, 457 U.S. 202, 216 (1982) (citations omitted).

"Under traditional equal protection principles, a State retains broad discretion to classify as long as its classification has a reasonable basis [i.e. rational basis review]." Graham, 403 U.S. at 371 (citations omitted). However, "classifications based on alienage, like those based on nationality or race, are inherently suspect and subject to close judicial scrutiny" [i.e., strict scrutiny]. Id. at 372. This means that the State would have to meet an extremely high bar to justify why it is making a classification based on alienage or nationality.

Courts will first determine what classification has been created by the statute, and then determine what level of scrutiny to apply. Aleman v. Glickman, 217 F.3d 1191, 1195 (9th Cir. 2000). The covered population as defined in this measure excludes certain lawfully present noncitizens on the basis of the noncitizen's status as an alien in the United States (i.e., alienage), or nationality. Specifically, qualified aliens who do not have the status of lawful permanent residents, and nonimmigrants who are not COFA residents, would be excluded from coverage. While there do not appear to be any appellate court decisions on point finding discrimination when a state makes such distinctions between classes of aliens, we believe that this would be a classification based on alienage or nationality that is subject to strict scrutiny, and we believe that

a court would determine that this measure unconstitutionally discriminates against certain noncitizens.

In order to avoid the possibility that this program will be subject to an equal protection challenge, and for additional clarity, we recommend that section 2 of this measure be amended to read as follows (changes to the original wording in Ramseyer format):

> SECTION 2. [~~For~~] Subject to any restrictions imposed on the State's ability to provide state public benefits to noncitizens by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, for any [~~COFA residents who would otherwise be eligible for medicaid except for citizenship status and any lawfully present legal permanent residents admitted to the United States for less than five years who are age nineteen years and older and~~] lawfully present noncitizen who would otherwise be eligible for medicaid except for citizenship or immigration status, the department of human services shall pay any health insurance costs assessed against the resident that the resident would not be required to pay if the resident was eligible to enroll in medicaid; provided that the resident is transferred to or enrolls in a health [~~care~~] insurance plan through the Hawaii health insurance exchange. The costs shall be paid by the department of human services directly to the health insurance [~~provider~~] issuer and shall include:
>
> (1) The individual's share of the premium [~~of~~] due to the health insurance plan that is not covered by a federal subsidy; and
>
> (2) Any [~~co-pays~~] co-payments and deductibles up to the maximum out-of-pocket costs of at least one of the silver II plans.

OTHER COMMENTS

It is unclear whether the reference to "at least one of the silver II plans" in section 2, paragraph (2) is appropriate. This differs from how the Department of Human Services (the Department) defined the applicable health plans that an individual must be enrolled in for purposes of obtaining premium assistance. For example, the Department's proposed section 17-1731-3, Hawaii Administrative Rules, refers to a "94% actuarial value silver level qualified health plan through the Exchange." The specific terminology to be used in this measure should be confirmed with the Department and, possibly, the Connector.

We are also unsure of what will be required operationally in order for the Department to pay co-payments and deductibles on behalf of individuals directly to their health plans, which may differ from the billing of the share of premium by health plans under the Department's premium assistance program. The Department of the Attorney General may have further

comments on this bill once we are more fully informed of the operational impact. For example, there may be issues relating to the disclosure of protected health information under the Health Insurance Portability and Accountability Act (HIPAA), depending on whether additional disclosures of protected health information are necessary.

We respectfully recommend that section 2 of this measure be amended as suggested above.

DAVID Y. IGE
GOVERNOR

RACHAEL WONG, DrPH
DIRECTOR

PANKAJ BHANOT
DEPUTY DIRECTOR

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

February 12, 2015

TO: The Honorable Dee Morikawa, Chair
House Committee on Human Services

The Honorable Della Au Bellati, Chair
House Committee on Health

FROM: Rachael Wong, DrPH, Director

SUBJECT: **H.B. 1327 - RELATING TO HEALTH CARE**

Hearing: Friday, February 13, 2015; 8:30 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of the bill is to require the State to pay costs assessed on low-income, work-eligible, Compact of Free Association residents and other lawfully present legal permanent residents who receive health care through the Hawaii Health Connector and would otherwise be eligible for Medicaid except for their citizenship status; requires the Department of Human Services to engage in community outreach; and appropriates funds.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this measure, and offers strong cautionary comments. The proposed measure is more complex to implement than it may appear at a policy level, may adversely impact DHS' priorities as identified in the Executive budget, and would likely require the DHS to divert scarce resources to create a new and complex program that is beyond the current mandated priorities of the Department. Also, the bill as currently proposed may create further inequities, in that certain

public benefit recipients who are eligible for both Medicaid and Medicare would not be eligible to receive similar co-payment assistance for their prescriptions drugs by virtue of the fact that they are eligible for Medicaid.

At this time, the DHS respectfully asks that the legislature proceed cautiously and prudently, as the DHS has not had sufficient time to comprehensively outline the administrative burden to implement this new program to pay for co-payments or other deductibles of those who have income less than one hundred percent of the federal poverty level and who, but for their citizenship, would have been eligible for Medicaid.

Preliminarily, the DHS offers the following comments:

- In addition to the state-only appropriation to pay for the deductible and co-pay costs, the legislature would have to appropriate state-only funds to the DHS to administer the program. Associated costs would include additional positions, as well as contract costs for an entity to verify eligibility of the claimant, eligibility of the services claimed (since not all services are covered by Medicaid, a determination would have to take place for Medicaid reimbursable service, for example, in vitro fertilization procedures are not covered by Medicaid, but may be available through coverage obtained through the Hawaii Health Connector), make the health costs payments, and monitor the contract.
- The proposed program would not be an additional component of the Premium Assistance Program and therefore is not something that can be added on to an existing program. The Premium Assistance Program will be funded by state-only funds, and will entail fixed monthly amounts paid directly to the health insurance plans (and not to eligible individuals).

- It is further anticipated that certain eligible individuals may qualify for federal tax subsidies for premium assistance. (Currently, there are no federal funds available for co-payments.)
- Additionally, the DHS informs the committee that there exists a group of dual-eligible Medicaid and Medicare recipients, who are currently required to pay for their prescription co-pays that are not covered by Medicaid. These dual-eligible recipients would not be eligible to apply for the proposed co-pay assistance for their prescription medications because they are Medicaid eligible.
- There may also be constitutional, private health information and other issues that exist, and the DHS will respectfully defer to the Department of the Attorney General's testimony regarding any of these additional issues.

Thank you for the opportunity to offer comments on this bill.

TESTIMONY BY CONSUL GENERAL KANDHI A. ELIEISAR
FEDERATED STATES OF MICRONESIA
ON HB 1239

I. Aloha and good morning Madams Chair and Honorable Members of your esteemed committees.
2. My name is Kandhi A. Elieisar, Consul General of the Federated States of Micronesia.
3. I want to preface my very short testimony by taking this opportunity to thank the State of Hawaii through the honorable members of these committees for the continued provision of health insurance assistance despite the lifting of the injunction by the U.S. Supreme Court favoring the State with full authority and discretion to decide eligibility for Medicaid/MedQuest. COFA citizens remain extremely grateful for the health insurance benevolence accorded them by the State of Hawaii and the U.S. Federal Government for that matter.
4. Since the introduction of the emergency administrative rules by the State of Hawaii that afford continued eligibility of COFA citizens for Medicaid and the transitioning of the existing MedQuest to MedQuest Integration through the Hawaii Health Connector, COFA citizens along with their partners, supporters and friends have been working hard to complement and supplement the good efforts made by the Connector and the Department of Human Services in enrolling as many COFA citizens as possible unto the Connector since its opening on November 15, 2015. We are very appreciative that there have been adjustments made along the way by the DHS and the Connector informed by glitches and problems being experienced in the communities with the transitioning and the actual enrollment of COFA citizens.
5. Yet, a principle concern remains with the short duration of the enrollment period given the complexities of the program, the costs associated with the program and the service providers and general lack of understanding of the system by the COFA population. As a piloted program, it behooves the new system to be more flexible and accommodative of the concerns raised by the beneficiary COFA population.
6. Given the above and despite the automation system being contemplated and incorporated, my real concern is that at the end of the enrollment and termination period, there will be some citizens left out from the system with no safety net to ensure that people's health is taken care of.
7. Even when we are able to enroll all eligible COFA citizens, their ability to pay the premiums, co-pays and deductions is another serious concern as we are dealing with the most disadvantaged, low-income, vulnerable and sicker segment of the Hawaiian residency. Indeed, without the ability to pay for these, COFA eligible citizens will be unable to access the health insurance benefits provided in the new health insurance program.
8. Without the needed financial assistance by the Federal and State Governments, COFA citizens will find it difficult to meet their basic needs, unable to seek medical treatment and will likely utilize the emergency systems provided by hospitals and clinics thereby increasing the costs of these hospitals and negating the very purpose for which the new health insurance program seek to address.

9. The saddest thing that can happen is that we will see continued deterioration of health on behalf of COFA citizens and even loss of human lives.

February 9, 2015

To: Representative Dee Morikawa, Chair
Representative Betrand Kobayashi, Vice Chair
Members of the House Committee on Human Services

From: Khara Jabola-Carolus, Vice President of the Filipino Law Students Association, UH Mānoa

Re: Testimony in Strong Support of HB 1239, Relating to Health Care

On behalf of the Filipino Law Students Association, I would like to thank the Committee for this opportunity to testify. The Association strongly supports HB 1239, which would allow crime victim compensation for labor trafficking in the first degree and promoting prostitution in the first degree.

We strongly support this measure for the following reasons:

1. Ensuring that the neediest among them can afford insurance co-pays and cost-sharing essential to their access to health care is the least we can do in exchange for the countless unsung contributions the larger COFA community has made to our economy, our tax base, our unique social fabric, and our cultural heritage.

2. COFA community members, who arrived on our shores seeking only the opportunities that other Hawai‘i families sought just a few generations ago, have endured rampant and shameless stereotyping and discrimination in housing, education, employment and in all forms of media and social discourse as they endeavor to adapt to a foreign language, culture, government and social system. By denying them eligibility for healthcare safety nets enjoyed by all others, which their own taxes pay into directly and indirectly on both the state and federal levels, such discrimination is now focused on the neediest and most vulnerable individuals of our newest immigrant groups. This bill will help draw a line in the sand, and ensure that our state does not poison its legacy and moral fabric by pushing a marginalized community even farther past the brink of dehumanization.

3. For COFA community members living below the poverty line, a $750 out-of-pocket minimum expense, as required under the Obamacare plans made available to them, may mean losing the ability to afford rent, purchase groceries and basic necessities, or support a child’s education. In many cases, such individuals are likely to forego accessing medical services or purchasing prescription medication until their conditions deteriorate to the point of warranting a much more expensive, and much less effective, emergency room visit. In other words, by redirecting a portion of the approximately $27 million in cost savings that will be realized by the state, this life-saving measure will avoid forcing our sickest and most indigent community members to choose between medical care, or supporting their families.

4. Now that the state and our healthcare industry are realizing millions of dollars in cost savings and federal subsidy revenues from our COFA community members’ participation in the Healthcare Connector, a small investment as proposed by this measure will provide meaningful and equal access to healthcare while making a strong statement about our islands’ values and unique sense of community, for generations to come.

For these reasons, the Filipino Law Students Association strongly supports HB 1239 and the continued push for basic health care for immigrants in our State. We respectfully request that you pass this bill. Thank you for this opportunity to testify.

Sincerely,

Khara Jabola-Carolus

TESTIMONY IN SUPPORT OF HB 1239: Relating to Health Care

TO: Chair Della Au Belatti, Vice Chair Richard Creagan, and Members of the House Committee on Health
Chair Dee Morikawa, Vice Chair Bertrand Kobayashi and Members of the House Committee on Human Services

FR: Trisha Kajimura, Social Policy Director, Catholic Charities Hawai'i

Hearing: Friday, February 13, 8:30 am, Conference Room 329

Thank you for the opportunity to testify in support of HB 1239, which appropriates funds and requires the State to pay costs assessed on low-income Compacts of Free Association (COFA) residents and other lawfully present legal permanent residents who receive health care through the Hawaii Health Connector and would otherwise be eligible for Medicaid except for their citizenship status.

Catholic Charities Hawai`i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai`i for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable of the people in Hawai`i.

CCH works closely with COFA migrants through our various programs as well as our Immigrant Resource Center in Hilo. At our Immigrant Resource Center, we help immigrants and migrants with acculturation, language, and resources. We recently hosted a community outreach event for the Hawaii Health Connector there to help community members who must transition from Med-Quest to the Connector enroll on-line. The majority of the COFA migrant adults we see in our programs who are non-pregnant and non-aged/blind/disabled, are living with very low-incomes and without the resources to pay their future share of the insurance premium or their co-pays. We are very concerned that the transition from Med-Quest to Affordable Care Act plans for the 100% - 128% Federal Poverty Level gap-group will result in their not receiving the preventive and routine medical care they need. Instead, they will be more likely to wait until medical conditions become more serious and more costly to treat, resulting in greater medical, social, and financial costs.

HB 1239 will close the gap for this group and allow them to receive the medical care they need. We urge your support. Thank you for the opportunity to testify, please contact me at (808)527-4810 or trisha.kajimura@catholiccharitieshawaii.org if you have any questions.

Catholic Charities USA | COA Council on Accreditation
CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822
Phone (808)527-4810 • trisha.kajimura@CatholicCharitiesHawaii.org
United Way Aloha United Way

creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Tuesday, February 10, 2015 12:06 PM
To: HLTtestimony
Subject: FW: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Monday, February 09, 2015 10:25 PM
To: HUStestimony
Cc: espihawaii@juno.com
Subject: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

HB1239
Submitted on: 2/9/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Deanna Espinas	Hawaii Coalition for Immigrant Rights/Immigration Reform	Support	No

Comments: This measure will provide meaningful and equal access to healthcare for COFA community members who came to Hawaii to seek a new life for themselves and their families (as did my parents and grandparents). Many in our COFA community struggle to survive and face discrimination in housing, education, employment, etc. I support this bill because it speaks to the struggles of our newest group of immigrants. This bill recognizes their contribution to our community and the need for basic health care for all immigrants in our State. Thank you for this opportunity to submit my testimony.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Hawai'i Coalition for Immigration Reform

Personal Dignity, Family Unity, Civil Rights

February 9, 2015

To: Representative Dee Morikawa Chair
Representative Bertrand Kobayashi, Vice Chair
Members of the House Committee on Human Services

From: Khara Jabola-Carolus, Legislative Coordinator, Hawai'i Coalition for Immigration Reform

Re: Testimony in Strong Support of HB 1239, Relating to Health Care

On behalf of the Hawai'i Coalition for Immigration Reform (HCIR), I would like to thank the Committee for this opportunity to testify. HCIR is a coalition of over seventy faith leaders, attorneys, immigrants, and concerned citizens and community organizations committed to advocating for policies and laws that recognize the innate dignity and civil rights of all immigrants in Hawai'i. Unequal access to health care on the basis of national origin is a serious concern for our coalition. We strongly supports HB 1239, which would require the State to pay costs assessed on low-income Compacts of Free Association residents and other lawfully present legal permanent residents who receive health care through the Hawaii Health Connector and who would otherwise be eligible for Medicaid except for their citizenship status.

We strongly support this measure for the following additional reasons:

1. Ensuring that the neediest among them can afford insurance co-pays and cost-sharing essential to their access to health care is the least we can do in exchange for the countless unsung contributions the larger COFA community has made to our economy, our tax base, our unique social fabric, and our cultural heritage;

2. COFA community members, who arrived on our shores seeking only the opportunities that other Hawai'i families sought just a few generations ago, have endured rampant and shameless stereotyping and discrimination in housing, education, employment and in all forms of media and social discourse as they endeavor to adapt to a foreign language, culture, government and social system. By denying them eligibility for healthcare safety nets enjoyed by all others, which their own taxes pay into directly and indirectly on both the state and federal levels, such discrimination is now focused on the neediest and most vulnerable individuals of our newest immigrant groups. This bill will help draw a line in the sand, and ensure that our state does not poison its legacy and moral fabric by pushing a marginalized community even farther past the brink of dehumanization;

3. For COFA community members living below the poverty line, a $750 out-of-pocket minimum expense, as required under the Obamacare plans made available to them, may mean losing the ability to afford rent, purchase groceries and basic necessities, or support a child's education. In many cases, such individuals are likely to forego accessing medical services or purchasing prescription medication until their conditions deteriorate to the point of warranting a much more expensive, and much less effective, emergency room visit. In other words, by redirecting a portion of the approximately $27 million in cost savings that will be realized by the state, this life-saving measure will avoid forcing our sickest and most indigent community members to choose between medical care, or supporting their families;

4. Now that the state and our healthcare industry are realizing millions of dollars in cost savings and federal subsidy revenues from our COFA community members' participation in the Healthcare Connector, a small investment as proposed by this measure will provide meaningful and equal access

to healthcare while making a strong statement about our islands' values and unique sense of community, for generations to come;

5. This bill recognizes the commitment COFA community members have made to our islands in seeking a new life here, as well as their countless unsung contributions to our tax base, workforce, economy, culture, and understanding of Hawai‘i's history and place in the Pacific;

6. The costs associated with this bill represent just a fraction of what the state will be saving by forcing our indigent COFA community members off of the state Med-QUEST program, and ultimately it will save our hospitals and community health centers in a number of ways.

For these reasons, HCIR strongly supports HB 1239 and the continued push for basic health care for all immigrants in our State. We respectfully request that you pass this bill. Thank you for this opportunity to testify.

Sincerely,

Khara Jabola-Carolus

HEALTHYPACIFIC.ORG
restoringjusticehi@gmail.com

LEGISLATIVE TESTIMONY

HB1239
RELATING TO HEALTH CARE
House Committee on Human Services
House Committee on Health

February 13, 2015
8:30 A.M.
Capitol Room 329

Aloha mai kākou,

Mahalo nui loa for the opportunity to testify in **STRONG SUPPORT** of **HB1239**. This win-win measure redirects a portion of the cost savings and federal revenues realized by the Obamacare enrollment of our indigent COFA residents, in order to ensure their continued access to life-saving healthcare, and reduce the short- and long-term fiscal impacts of healthcare discrimination on our state, its healthcare infrastructure, and our local economy.

This measure removes a substantial barrier to accessing life- and cost-saving healthcare for some of the most health-vulnerable members of our community. With the state's unprecedented decision to categorically exclude our COFA community members from eligibility for the public healthcare safety net of Med-QUEST, approximately 7,000 members of our diasporic COFA community (notably, less than 3.5% of the total number of Hawai'i residents currently covered by Med-QUEST) will have to bear the burden of insurance co-pays and cost-sharing fees through a Hawai'i Healthcare Connector "Silver Plan," notwithstanding the additional $27 million-plus in cost savings and federal Obamacare subsidies that will now be realized by the state. For those who fall sick, or who would otherwise go to the doctor, these co-pays and cost-sharing arrangements can be prohibitively expensive, and discourage many from accessing medical services or purchasing prescription medication until their conditions deteriorate to the point of warranting a much more expensive, and much less effective, emergency room visit.[1]

[1] *See, e.g.,* DAVID MACHLEDT AND JANE PERKINS, NATIONAL HEALTH LAW PROGRAM, MEDICAID PREMIUMS AND COST SHARING, (2014) *available at* http://www.nationaldisabilitynavigator.org/wp-content/uploads/resources-links/NHeLP_IssueBriefMedicaidCostSharing_03262014.pdf ("Taken as a whole, subsequent research overwhelmingly shows that heightened copayments hinder Medicaid beneficiaries' access to medical services and prescription medications, while premiums make it harder for eligible individuals to enroll and maintain coverage. Increased cost sharing causes financial hardship, forcing difficult choices between health care and other basic

This bill would help to reduce a significant barrier to healthcare access for indigent members of our COFA community, for whom a $750 out-of-pocket deductible expense may mean losing the ability to afford rent, purchase groceries and basic necessities, or support a child's education. In other words, by redirecting a portion of the approximately $27 million in cost savings that will be realized by the state, this life-saving measure will avoid forcing our sickest and most indigent community members to choose between medical care, or supporting their families.

This bill saves the state and its healthcare infrastructure money, particularly in potentially exorbitant emergency room costs. For those who cannot afford the out-of-pocket costs of early medical intervention, prescription medication or preventative care, the timely access to healthcare facilitated by this bill will avoid the need for expensive and inefficient emergency medical intervention. Again, indigent COFA families may not be able to afford the co-pays and cost-sharing they will be required to pay under the Healthcare Connector plans made available to them. This means that sick individuals will likely forego early medical treatment, and wait until their health deteriorates to warrant a visit to the emergency room -- when treatment is highly reactive, less effective, and much more expensive.[2] The exorbitant costs of emergency room treatment will likely also be unaffordable for these individuals, thus forcing the state and its healthcare infrastructure to absorb such costs.

By allowing individuals who fall sick to visit the doctor and obtain timely treatment, this bill will likely save the state and its healthcare infrastructure substantially more in emergency treatment costs, than the relatively minor investment it calls for.

This bill also avoids the inestimable and intangible financial costs of healthcare barriers to a health-vulnerable population. From a public health standpoint, creating barriers to medical access for a particularly health-vulnerable group to address communicable diseases, or gain precautionary or preventative care information, may have negative impacts on public health as a whole.[3] The economic costs of such impacts are inestimable. The relatively high co-pay and cost-sharing rates that will be now be charged to indigent COFA individuals create just such a barrier, which could easily be reduced through the relatively small state investment in this bill.

In addition, the children of our COFA community members, many of whom are Hawai'i and U.S. citizens, are actively seeking to develop their skills and capacity to contribute to our economic and social health, through higher education and other job training opportunities. The need to

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necessities. Further, increased cost sharing can lead to adverse health outcomes, especially among individuals with chronic conditions and/or lower incomes").

[2] *See, e.g.,* Leighton Ku and Victoria Wachino, *The Effect of Increased Cost-Sharing in Medicaid: A summary of research findings*, CENTER ON BUDGET AND POLICY PRIORITIES, July 7, 2005 *available at* http://www.cbpp.org/files/5-31-05health2.pdf ("Higher copayments tend to make it harder for low-income patients to access medical care or fill prescriptions. Reductions in medical care or use of medications can, in turn, have adverse consequences, including poorer health and greater subsequent use of high-cost services such as emergency rooms. This is documented by a substantial body of research").

[3] *See* JOHN A. BURNS SCHOOL OF MEDICINE, ASSESSMENT AND PRIORITIES FOR HEALTH & WELL-BEING IN NATIVE HAWAIIANS AND OTHER PACIFIC PEOPLES (2012).

help cover the debts that may arise from a sick parent's or family member's co-pays and cost-sharing under this bill may force such enterprising young students to forego their education and specialized training, delaying their potential socioeconomic contributions for a generation or more. Such opportunity costs will again, in the long-term, likely far exceed the meager state investment proposed in this measure.

This bill promotes our local economy and small businesses, and avoids the disproportionate economic impact of reducing the spending power of low-income communities.
Notwithstanding decades of political rhetoric regarding "trickle-down economics," modern economic analyses (and common sense) show that investing in low-income communities' financial security provides the biggest benefit for local economies, as these communities' collective spending patterns support local businesses and jobs to a far greater extent than the foreign investments often made by higher-income individuals.[4] Conversely, reducing the spending power of low-income communities can have a substantial negative impact on our local economy, through the ripple effect of reduced revenues realized by the local businesses and institutions they patronize. By removing a substantial financial barrier to their cost-saving access to healthcare for those below the poverty line, this bill promotes the financial security of, and reduces the myriad financial burdens on, our low-income communities. Accordingly, it will allow the state's economy to realize the benefits of maintaining our low-income communities' collective spending power.

This bill may provide relief to some of the hardest working residents of our islands. Given the discrimination faced by and limited employment opportunities offered to our COFA community members, including employment practices that intentionally seek to avoid triggering employer-insurance coverage requirements, many COFA community members on Med-QUEST are forced to work several part-time jobs, often at minimum-wage, just to make ends meet. While this is not endemic to the COFA community, COFA community members in such situations must now pay for their own healthcare costs on top of everything else, while others may continue enjoying the benefits of our public healthcare safety nets. This bill will provide limited relief to such COFA community members, and ensure that the hardest working among us can afford to go to the doctor and still pay for their families' housing, food, education, taxes, and other living expenses.

Accordingly, HealthyPacific.Org respectfully urges the Committees to **PASS** HB1239, as a win-

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[4] *See, e.g.,* CENTER FOR BUDGET AND POLICY PRIORITIES, POLICY BASICS: INTRODUCTION TO THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) (2015) (available at http://www.cbpp.org/cms/index.cfm?fa=view&id=2226) ("Low-income individuals generally spend all of their income meeting daily needs such as shelter, food, and transportation, so every dollar in SNAP that a low-income family receives enables the family to spend an additional dollar on food or other items"); Bivens, Josh, and Kathryn Anne Edwards, *Down-Payment on Economic Recovery: Why Temporary Payments to Social Security and Supplemental Security Income Recipients Are Effective Stimulus,* ECONOMIC POLICY INSTITUTE BRIEFING PAPER #269 (September 14, 2010);

win measure that clearly promotes the health and economic interests of our state.

Thank you very much for the opportunity to testify on this measure.

creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Tuesday, February 10, 2015 12:09 PM
To: HLTtestimony
Subject: FW: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Monday, February 09, 2015 10:08 AM
To: HUStestimony
Cc: xlipat@gmail.com
Subject: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

HB1239
Submitted on: 2/9/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Dr. Christine T. Lipat D.C.	Niu Health Chiropractic	Support	No

Comments: As a small business owner, and as a doctor of chiropractic, I support measures such as this that promote community wellness by providing economic stability for our most vulnerable populations. Investing in low-income communities' financial security provides the biggest benefit for local economies, as these communities' collective spending patterns support local businesses and jobs to a far greater extent than the foreign investments often made by higher-income individuals. Conversely, reducing the spending power of low-income communities can have a substantial negative impact on our local economy, through the ripple effect of reduced revenues realized by the local businesses and institutions they patronize. By removing a substantial financial barrier to their cost-saving access to healthcare, this bill promotes the financial security of, and reduces the myriad financial burdens on, our low- income communities. Accordingly, this bill will allow the state's economy to realize the benefits of maintaining our low-income communities' collective spending power.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

[PASS]
THE PACIFIC ALLIANCE TO STOP SLAVERY

February 9th 2015

COMMITTEE ON HEALTH
Rep. Della Au Belatti, Chair
Rep. Richard P. Creagan, Vice Chair
Rep. Mark J. Hashem
Rep. Marcus R. Oshiro
Rep. Jo Jordan
Rep. Beth Fukumoto Chang
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COMMITTEE ON HUMAN SERVICES
Rep. Dee Morikawa, Chair
Rep. Bertrand Kobayashi, Vice Chair
Rep. Della Au Belatti
Rep. Jo Jordan
Rep. Richard P. Creagan
Rep. Marcus R. Oshiro
Rep. Mark J. Hashem
Rep. Beth Fukumoto Chang

NOTICE OF HEARING

DATE: Friday, February 13, 2015
TIME: 8:30am
PLACE: Conference Room 329
State Capitol
415 South Beretania Street

RE: TESTIMONY IN STRONG SUPPORT OF **HB1239**
RELATING TO HEALTH CARE

Requires the State to pay costs assessed on low-income Compacts of Free Association residents and other lawfully present legal permanent residents who receive health care through the Hawaii Health Connector and would otherwise be eligible for Medicaid except for their citizenship status. Requires the Department of Human Services to engage in community outreach. Appropriates funds.

Dear Committees on Health and Human Services:

The Pacific Alliance to Stop Slavery (PASS) strongly supports **HB1239**. We provide services to houseless families in Kakaako, a population of about 400 persons in need. A substantial percentage of this houseless population in Kakaako are COFA residents, most are families with young children.

Many suffer serious health risks due to the lack of access to clean water, restrooms, and health care in general. We have served young children with septic skin infections in need of hospitalization, pregnant mothers in need of emergency C-sections, and young teens with kidney issues because they hold their urine at night rather than risk getting a $200 ticket for using a park bathroom after the park closes.

All the COFA residents we serve did not know about their dis-enrollment from Quest. As we endeavor to re-enroll them through the Hawaii Health Connector, we worry significantly about this community's inability to pay for their premiums. While many are employed, single mothers with children are the ones who suffer the most with the burden of paying premiums. They often do not have the ability to apply for work while remaining with their belongings to protect against City raids which lead to the confiscation and disposal of all their property, and caring for their children simultaneously.

As Americans, we owe COFA residents a new and better life with full health care coverage in reparation for the destructive nuclear bombing we engaged in within and near their islands. Not only is providing COFA residents with free health care a human right, it is our obligation.

Please pass **HB1239**. Mahalo for your consideration and time.

Sincerely,

Kathryn Xian
Executive Director
Pacific Alliance to Stop Slavery

PHOCUSED

PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

TO: Representative Dee Morikawa, Chair, Human Services
Representative Bertrand Kobayashi, Vice Chair, Human Services

Representative Della Au Belatti, Chair, Health
Representative Richard P. Creagan, Vice Chair, Health

Members, Committees on Human Services and Health

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: **Friday, February 13, 2015 at 8:30 a.m. in Conf. Rm. 329**

Testimony in Support of HB1239, Relating to Health Care.

Thank you for the opportunity to provide testimony in **strong support** of SB1327, which appropriates funds and requires the State to pay costs assessed on low-income Compacts of Free Association (COFA) migrants and other lawfully present legal permanent residents who receive health care through the Hawaii Health Connector and would otherwise be eligible for Medicaid except for their citizenship status. PHOCUSED is a nonprofit membership and advocacy organization that works together with community stakeholders to impact program and policy change for the most vulnerable in our community, including immigrant and migrant households.

PHOCUSED members – which include Parents and Children Together, Child & Family Service, AlohaCare, Helping Hands Hawaii, and other nonprofit health and human service providers – work closely with COFA and immigrant households through their various programs, which include healthcare, housing, financial counseling and case management services. Our members share grave concern that many COFA migrant and immigrant households who no longer qualify for QUEST will be unable to afford the cost of medical premiums and co-pays for health plans provided through the Hawaii Health Connector.

Although the State will be subsidizing premiums for COFA migrant households that are below 100% of the Federal Poverty Level (FPL), there will remain a gap group of COFA migrants between 100% to 138% FPL who will not receive any subsidy for premiums from the State – These impacted households will need to pay medical premiums calculated at 2% of their annual income, which may range from $22-$31/month in premiums for an individual or $46-$63/month for a family of four. Co-pays for medication will range between $5-$100. While the costs of premiums or co-pays may seem minimal, these costs can be significant, especially for single individuals who earn $18,700/year or less. An increased medical cost burden of even $1,000 annually could prevent COFA migrants from accessing routine or preventative care, thus costing the State more in the future in increased emergency care costs.

American Savings Bank Tower (1001 Bishop St., Ste. 780) Honolulu, HI 96813 P: 808.521.7462
www.phocused-hawaii.org admin@phocused-hawaii.org

PHOCUSED

PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

Historically, COFA migrants have been eligible for QUEST medical coverage since 1986. Only very recently has the State implemented policies that make COFA migrants ineligible for QUEST. It is estimated that by shifting COFA migrant households off of QUEST, the State will save approximately $27 million. SB1327 appropriates $8 million to provide for co-pays and premium assistance for COFA migrants who fall within the gap group of those between 100-138% FPL that do not qualify for the PAP -- With this appropriation, the State will still realize an estimated $19 million in savings while ensuring that impacted households can continue to afford healthcare and have access to medical services.

In addition to covering the costs of premiums and co-pays, HB1239 would also make an appropriation for community outreach. Outreach is necessary due to the confusion that will result from a sudden shift in health coverage for impacted COFA residents. Although individuals will be transitioned to the Hawaii Health Connector, outreach will still be needed to assist individuals in choosing a medical plan, and properly informing impacted individuals of the options that are available to them.

PHOCUSED strongly urges your support of this bill as currently written. We thank you for hearing this critical bill, and encourage you to pass it unamended If you have any questions, please do not hesitate to contact our office at 521-7462 or by e-mail at admin@phocused-hawaii.org.

American Savings Bank Tower (1001 Bishop St., Ste. 780) Honolulu, HI 96813 P: 808.521.7462
www.phocused-hawaii.org admin@phocused-hawaii.org

THE QUEEN'S HEALTH SYSTEMS

HB 1239, Relating to Health Care
House Committee on Health
House Committee on Human Services
Hearing—February 13, 2014 at 8:30 AM

Dear Chairwoman Belatti, Chairwoman Morikawa and Members of the House Committees on Health and Human Services:

My name is Paula Yoshioka and I am a Senior Vice President at The Queen's Health Systems. I would like to provide my strong support for HB 1239.

My name is Paula Yoshioka and I am a Senior Vice President at The Queen's Health Systems. I would like to provide my strong support for HB 1239. This legislation would provide $8 million in fiscal years 2015 and 2016 to help residents in Hawaii who are here under the Compact of Free Association (COFA) agreement to afford health insurance.

The Queen's Health Systems cares for many residents who are here under the COFA agreement in our inpatient and outpatient units and also through the Queen Emma Clinic. In 2012, QHS provided more than $4.3 million in uncompensated or undercompensated care to more than 5,300 COFA individuals.

Recently, the Hawaii Department of Human Services announced that they would enroll approximately 7,500 COFA residents into private insurance plans offered through the Hawaii Health Connector through the Premium Assistance Program (PAP). The PAP is estimated to save the state more than $29 million in the next fiscal year.

However, the PAP would also impose cost-sharing requirements on COFA enrollees that could prove to be an issue for some, and would likely result in uncompensated costs to facilities. The appropriation provided in this bill would be a fraction of the savings that are estimated to be generated by the PAP and will help to reduce barriers to care and reduce uncompensated costs for facilities across the state.

Providing financial assistance will increase access to quality health care for this population, and reduce uncompensated care costs for the system. I would ask for your strong support of SB 1327. Thank you for your time and consideration of this matter.

An Independent Licensee of the Blue Cross and Blue Shield Association

February 13, 2015

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

Re: HB 1239 – Relating to Health Care

Dear Chair Au Belatti, Chair Morikawa and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1239 which authorizes an appropriation to pay for the health care costs related to health insurance obtained thru the Hawaii Health Connector by of Compacts of Free Association (COFA) residents and other legal permanent residents who lost coverage under QUEST. While HMSA supports the intent of this Bill, we do have concerns that, as drafted, the successful implementation of this legislation is jeopardized.

As a community health insurer, HMSA believes it is imperative that we not only reduce the number of uninsured in Hawaii, but that those most in need receive the coverage and health care support available to everyone else in the state. It is for that reason that, when the MedQUEST Division informed us of their proposal to help the COFA residents who would be losing their QUEST coverage, we gladly and immediately shifted internal resources to accommodate this program.

Along with Kaiser Permanente, HMSA is providing coverage to the 7,500 COFA and other affected residents beginning March 1, 2015. And our staffs worked together to develop a system where we can accommodate direct payment from the MedQUEST Division for premiums, and we are doing this as a community service, without charge to the State.

We understand that many of these residents will not be in the financial position to meet the co-pay requirements of their new health plans. However, we are concerned that we are unable to operationalize a system where the MedQUEST Division pays the plan for the co-pays.

For example, an individual in this program is placed chooses a silver level plan thru the Connector, and the Connector provides the enrollment to HMSA. The MedQuest Division pays the individual's premium to HMSA. Since the provider will have no way of knowing the patient is a participant in this special program, the provider either charges the patient for the co-pay at the time of service or bills the patient.

If, as this Bill suggests, the plan was required to pay the provider for the co-pay, we would have serious concerns. Altering our system to accommodate crediting the patient for the co-pay will require a systems change demanding additional manpower and financial resources, far above those we already have invested for this program.

An Independent Licensee of the Blue Cross and Blue Shield Association

As an alternative, we suggest the Bill be amended to have the State directly reimburse the affected individuals for their co-pays.

Thank you for allowing us to testify on HB 1239, and we ask that you take our concerns into serious consideration..

Sincerely,

Jennifer Diesman
Vice President
Government Relations

COMMITTEE ON HEALTH

Rep. Della Au Belatti, Chair
Rep. Richard P. Creagan, Vice Chair

COMMITTEE ON HUMAN SERVICES

Rep. Dee Morikawa, Chair
Rep. Bertrand Kobayashi, Vice Chair

Measure: HB 1239 Relating to HealthCare
Date: Friday Feb 13th
Time: 830 SM
Place: Conference Room 016

From: David Derauf MD MPH, Executive Director, Kokua Kalihi Valley Health Center

Re: In Strong Support of HB1239

.

Aloha Kākou e Committee Chairs and Committee Vice Chairs;

Kokua Kalihi Valley wishes to offer **STRONG SUPPORT** of **HB1239**, which seeks to reduce barriers to care for legal residents of Hawaii living in poverty who are being moved off the State Medicaid program and onto ACA insurance provided by the Hawaii Connector.

We are completely supportive of the intent of this move: to have the Federal Government bear the largest share of the costs of insurance for these individuals. It is estimated that doing so will save the State of Hawaii up to $ 27 million a year.

HB1239 is ABSOLUTELY necessary however if this movement of individuals off of Medicaid and onto ACA is to be done without causing serious harm. Those of us who are middle and upper income might not appreciate the effects of these on low income people who are faced wit the decision to pay rent, feed their families, or pay for medical care. It is important to understand that ACA insurance was never intended for people living in poverty. That is what the Medicaid program is designed for. With annual out of pocket maximums of at least $750 per person per year, along with copays for medications, labs, X-rays, hospital visits and even primary care visits, the Silver plans in Hawaii will create enormous barriers to care for many if not most of the people being

moved. There is over 40 years of research on the effects of copays on low income people. **That research has consistently shown that cost sharing in the form of copays, even when MUCH smaller than those of our Silver plans, leads to a reduction in both necessary and unnecessary care and correlates with a risk of increased poor health outcomes**.

One such study, published in the Journal of the American Medical association showed for example that "**The copayments led to a 78 percent increase in the occurrence of adverse events, including death, hospitalization and nursing home admissions, apparently because the reduction in the use of essential medications led to poorer health. The copayments also led to an 88 percent increase in emergency room use" 1**

Another study from Minnesota found that "of 62 patients covered by Medicaid or medical assistance, **more than half (32) reported that they had been unable to get their prescriptions at least once in the last six months because of copayments of $3 for brand name drugs or $1 for generic drugs. Eleven of the patients who failed to get their medications had 27 subsequent emergency room visits and hospital admissions for related disorders. For example, patients with high blood pressure, diabetes or asthma who could not get their medications experienced strokes, asthma attacks and complications due to diabetes. The inability to afford copayments had serious health consequences and led to the use of more expensive forms of medical care**. " 2 Note that these copays of 3$ and 1$ are about 1/10th of that in our Silver plans.

It is clear from the research evidence that if the State elects to NOT over the costs of these copays for patients in poverty, we can be reasonably CERTAIN that patients will not get the care they need, will suffer adverse events, will increase utilization of emergency services and hospitals, and will in the long run likely cost the system more, not less.

So we now have an opportunity to do this the RIGHT way! Use a portion of the $27 million in savings to underwrite the costs of subsidizing these copays to make this insurance be a true workable option for poor people. The bill asks for up to $ 8 million. Will it cost that much? The annual out of pocket maximum for the plan with the lowest amount is $750/yr and so for 7500 people is about $5.6 million a year total. Surely only a portion of the 7500 patients will reach the maximum. So the figure might be much lower than that. Clearly the services of a actuary are needed to tell us more precisely what the costs of removing these copays would be for those under the poverty threshold.

Let me finally correct a few misperceptions that seem to be floating about this dramatic shift. Some are saying that the courts mandated this. That is NOT true. The courts ruled that the State *could* make this move, not that they had to.

Others are saying that the timing of this move MUST occur this month, during open enrollment. Again, not true. Federal law allows people to sign up for ACA following any qualifying event, one of which is the loss of Medicaid. So this plan could be implemented at any time.

Some are saying we cant afford this. The reality is this plan will still save the State of Hawaii at least $20 million a year. Moreover, what savings is there in increasing the burden of illness in our State, increasing ER use, increasing hospitalizations?

Finally, some are saying that $750 annual maximum will not impose undue barriers to care. I believe the research on this question as listed above settles this matter; copays can create significant and even dangerous barriers to care for poor people.

Lets do the right thing. Save the State Millions of dollars by getting the Federal government to bear the larger share of costs to insure these patients. Provide an insurance product that will improve the health of the recipients, not simply given them a card that they can not reasonably use.

Please pass HB1239!!

Respectfully submitted,

David Derauf, MD
Executive Director
Kokua Kalihi Valley Health Center

1 Robyn Tamblyn, et al., “Adverse Events Associated with Prescription Drug Cost-Sharing among Poor and Elderly Persons,” Journal of the American Medical Association, 285(4): 421-429, January 2001

2 Melody Mendiola, Kevin Larsen, et al. “Medicaid Patients Perceive Copays as a Barrier to Medication Compliance,” Hennepin County Medical Center, Minneapolis, MN, presented at the Society of General Internal Medicine national conference, May 2005 and American College of Physicians Minnesota chapter conference, Nov. 2004

HPCA
HAWAIʻI PRIMARY CARE ASSOCIATION

House Committee on Health
The Hon. Della Au Belatti, Chair
The Hon. Richard P. Creagan, Vice Chair

House Committee on Human Services
The Hon. Dee Morikawa, Chair
The Hon. Bertrand Kobayashi, Vice Chair

Testimony on House Bill 1239

Relating to the Health Care
Submitted by Nani Medeiros, Public Affairs and Policy Director
February 13, 2015, 8:30 am, Room 329

The Hawaiʻi Primary Care Association, which represents community health centers in Hawaiʻi, strongly supports House Bill 1239, requiring the State to pay costs assessed on low-income Compact of Free Association residents and other lawfully present permanent residents who would otherwise be eligible for Medicaid if not for their citizenship status.

Under the Compacts of Free Association (COFA), individuals from the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau are granted legal migrant status in Hawaii. However, due to recent changes in state policy, they are not eligible to receive Medicaid benefits and must instead enroll in the state health insurance exchange. Under the exchange, they are viewed as living at 100% of the federal poverty level (FPL), regardless of actual income, and made to cover any existing lapses in insurance premium, copayment amounts, or deductibles.

House Bill 1239 recognizes that despite the intention of state Medicaid to implement a premium assistance program, this runs counter to how these individuals would be treated if enrolled in Medicaid. In Hawaii there are approximately 7,500 COFA migrants, many of whom live well below 100% FPL and will be unable to cover these additional costs. This bill seeks to cover those needs for all qualifying individuals.

This bill is of special import to the HPCA because a large majority of COFA migrants receive primary care from community health centers. Many of these patients tend to have co-occurring chronic and communicable diseases as well as linguistic and cultural barriers to care. Any additional burdens imposed upon this population, such as further financial expense, will only serve to jeopardize their ability to access care when needed.

It is the concern of the HPCA that without the provisions outlined in House Bill 1239, either (1) the mortality and morbidity rates of the COFA population will rise, (2) emergency department care for this

population will rise, or (3) the amount of uncompensated care provided at community health centers will grow to a burdensome level, in many cases threatening the sustainability of providing quality care.

For these reasons, we strongly support House Bill 1239 and thank you for the opportunity to testify.

ADD 735 BISHOP STREET, SUITE 230 HONOLULU, HI 96813 TEL 808.536.8442 FAX 808.524.0347 WEB WWW.HAWAIIPCA.NET

Testimony of Hawai‘i Appleseed Center for Law and Economic Justice
Supporting HB 1239 Relating to Health Care
House Committee on Human Services
House Committee on Health
Scheduled for Hearing Friday, February 13, 2015, 8:30 am, Room 329

Hawai‘i Appleseed Center for Law and Economic Justice is a nonprofit law firm created to advocate on behalf of low-income individuals and families in Hawai‘i on legal and policy issues of statewide importance. Our core mission is to help our clients access to the resources and fair treatment they need to realize their opportunities for self-achievement and economic security.

Thank you for the opportunity to testify in **strong support** of House Bill 1239, which would require the state to pay costs assessed on low-income Compacts of Free Association residents and legal permanent residents who receive health care through the Hawai‘i Health Connector and would otherwise be eligible for Medicaid but for their citizenship status. Access to health care is a paramount social and economic justice issue, and Hawai‘i should firmly commit to medical care for our low-income residents, regardless of their national origin.

The subsidies proposed in this bill represent a small investment on the part of the state, but one that will reap significant benefits for both individuals' health and the broader economy. By enrolling through the Connector, these residents will bolster its financial situation and bring in millions of federal dollars.

However, once enrolled these individuals will be left with substantial out-of-pocket costs through premiums and copays that they simply cannot afford. While the cost of DHS's proposed plan sounds reasonable for those with moderate incomes, it is not tenable for people at 100 to 138% of the poverty level. (Please see the accompanying sample budget and explanation of costs.) With this bill's proposed subsidies, people who are just scraping by can access the care they need while still providing for their families. The alternative—pushing a struggling family over the edge, or forcing them to delay medical care, will only result in greater long-term costs, both to the enrollees and the community at large. And as a matter of public health, losing access to medical care will exacerbate the existing health disparities between Pacific Islanders and other communities.

COFA communities contribute greatly to the rich diversity of Hawai‘i, yet they face widespread discrimination in our state. Now some of their most vulnerable members risk further marginalization by losing access to health care. By taking a stand for equal rights and health justice, the Legislature will not only have helped thousands of people afford medical care, but also reinforced the values of fairness and compassion held by our community. Appleseed lauds this bill's inclusion of subsidies to legal permanent residents of less than five years, who are also ineligible for Medicaid. Hawai‘i's longstanding progressive commitment to health care, dating back to the Prepaid Health Care Act, should cover all of these populations in need.

Again, thank you for an opportunity to testify in **strong support** of HB 1239 to create a healthier, more equitable Hawai‘i, where all members of our community have the opportunity to thrive.

Hawai‘i Appleseed Center for Law and Economic Justice
119 Merchant Street, Suite 605A ◆ Honolulu, Hawai‘i, 96813 ◆ (808) 587-7605

The Cost of Medical Care for People in Poverty

Why SB1327 is necessary

Under DHS's plan to terminate Medicaid for certain groups and transfer them to the Hawai'i Health Connector to obtain health insurance, the costs of the insurance may seem low for most people. However, people near or below the costs are enough to prevent them from obtaining the critical, life-sustaining care they need.

A Low-Income Person's Budget

The budget to the right is for a single-person household earning minimum wage and working 40 hours per week, every week of the year *without a single day off*. Their income puts them at 120% of the Federal Poverty Level, making them income-eligible for Medicaid/QUEST under which they would pay nothing for their medical care. However, if they happen to be Micronesian, under DHS's plan they will be terminated from QUEST and sent to the Health Connector to obtain insurance. As explained in detail on the following page, the expenses in this sample budget are a conservative low-end estimate of what a person at this income level would need to spend to meet their basic needs.

Sample Budget

INCOME	**$1,355**
EXPENSES	**$1,349**
Housing	$678
Food	$337
Bus Pass	$60
Phone/Internet	$30
Taxes	$204
Other Necessities	$40
NET	**$6**

Medical Costs under DHS's Plan

When those affected by DHS's plan are transferred over to the Health Connector, their medical costs will increase to the point where they will not be able to afford care. From the above budget, it is easy to see why medical costs will become unaffordable. A person making $1,355 per month will have to pay $27 per month for the premium alone (while DHS is subsidizing the premiums for those that below 100% of the Federal Poverty Level, those between 100% and 138% still must pay). Even apart from the premium, a single $10 office visit may be difficult to afford. Someone with a chronic condition that requires regular doctor's visits and multiple prescriptions will not be able to afford their care. Someone on chemotherapy simply will not be able to obtain treatment.

Medical Costs under Applicable Health Connecter Plans

Premiums:	2% of annual income (for people at between 100% and 138% of the Federal Poverty Level)
Office Visit:	$5 - $10 dollars
Hospital In-Patient:	10% Coinsurance (read hundreds or thousands of dollars)
Prescriptions:	Varies (e.g., $0, $10, $30, $100, 10% coins.)
Out-of-pocket max:	Between **$750 and $2,250** depending on plan

Over 40 years of research has consistently shown that requiring copays of those at or near poverty leads to a reduction in necessary care that is correlated with increased risk of poor health outcomes including death. For example, one such study found this to be the case with copayments of between just $1 and $3.

Under DHS's plan, individuals near or below poverty who have chronic medical conditions will be required to pay up to $2,250 per year for medical care. Without assistance, people will be forced to forego necessary care and suffer the consequences.

Basis for Assumptions Regarding the Sample Budget

Housing: Fair Market Rent for a studio apartment in the City and County of Honolulu is $1,267. Housing costs include water, electricity and gas utilities. In Hawai'i, 79% percent of households who are "Extremely Low-Income" (like the person in this example), spend more than half of their income on housing. The housing cost in this example is set at exactly half of income.

Food: Set at 10% less than the USDA's Thrifty Food Plan (TFP) costs for a single male. According to the USDA, the "TFP provides a representative healthful and minimal cost meal plan that shows how a nutritious diet may be achieved with limited resources." Thus, this budget allots an amount for food that is lower than the estimated cost of a healthful diet. Micronesians are not eligible the Supplemental Nutritional Assistance Program (formerly known as "food stamps").

Bus Pass & Phone/Internet Plan: Set at actual cost of these items. It is possible to purchase a phone plan with limited internet for $30, though that amount does not include tax or the cost of the phone.

Taxes: Includes FICA, Medicare, and federal and state income taxes (including all applicable ordinarily available credits), and are calculated based on a single filer at the income level indicated.

Other Necessities: Includes everything else a person needs including clothing, toiletries, cleaning supplies, furnishings, linens, over-the-counter medications, etc. The non-partisan Economic Policy Institute has calculated that a household with one parent and one child would spend over $560 per month on other necessities "to attain a secure yet modest living standing." This budget includes an amount that is less than 10% of that.

HOUSE OF REPRESENTATIVES
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015

COMMITTEE ON HEALTH

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Rep. Della Au Belatti
Rep. Richard P. Creagan
Rep. Mark J. Hashem
Rep. Jo Jordan
Rep. Marcus R. Oshiro
Rep. Beth Fukumoto Chang

DATE: Friday, February 13, 2015
TIME: 8:30 a.m.
PLACE: Conference Room 329
State Capitol
415 South Beretania Street

Re: In Strong Support of HB1239

As a retired Public Health Nurse, I believe that policies for the community should be created to protect and ensure public health and safety. The Department of Human Services are planning to move all non-aged, blind, and disabled individuals from the Compact of Free Association over to the Hawaii Connector, into a plan which will make medical costs unaffordable for a Medicaid qualified population. It will be another barrier to access preventative care for a community that is already plagued with overwhelming health disparities.

I have been working with the community for over 30 years. Since December 2014, I have been assisting the Health Connectors to provide outreach in Waipahu to enroll these individuals onto this health plan by the February 15th deadline.

I would like to present a case, which reflects the financial burdens of many in the COFA community. Mrs. A, whose husband works at a car wash full time, eams $900 a month (after taxes) to sustain her family of 4. Her expenses are rent at $450/month, electricity at $120/month, phone costs at $55/month, food costs at $200/month, and other costs such as school supplies and necessary toiletry items and bus fare totaling $75/month. This equates to exactly $900/month, leaving her no net income to be used to pay her co-pays designated by this health care plan. If she takes even one medication, she is expected to pay a co-pay of $10 or greater per month, which is in addition to her doctor's visit co-pay of $5.00. This will be unaffordable. When asked how she will manage to pay for her monthly MD visits and medication, she responded, "I will not go to the doctor as often and cannot afford to get my medication monthly." This is just one example of someone struggling at the poverty level who will be forced to sacrifice health for basic needs due to the financial burden of these health care co-pays.

Research over the past 40 years has consistently shown that requiring copays from those at, or near, poverty level, leads to a reduction in the access to care that these individuals need. This also correlates to an increase in poor health outcomes and even deaths for a community already struggling with health disparities.

Under DHS's plan individuals near or below poverty who have chronic medical conditions such as Mrs. A will be required to pay up to $2,225 per year for medical care. Without SB1327 and HB1239, people will be forces to forego necessary care. Their lack of care will culminate in poor health for this vulnerable population leading to even more costly burdens. Our hospitals and medical centers will ultimately suffer the consequences of this plan as they will bare the cost of these expensive hospitalizations.

I urge you to pass SB1327 and HB1239. It will allow timely access to health care, avoiding the need for unnecessary expensive emergency medical interventions for our neediest population. This is a policy which will uphold public health and create a healthier state.

Respectfully, .

Barbara Tom

Barbara Tom
Nations of Micronesia Committee, Chair

creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Tuesday, February 10, 2015 12:11 PM
To: HLTtestimony
Subject: FW: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Monday, February 09, 2015 9:14 AM
To: HUStestimony
Cc: aaron@s4xton.com
Subject: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

HB1239
Submitted on: 2/9/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Aaron Landry	Individual	Support	No

Comments: Income inequality in Hawai‘i is an incredibly serious issue and the COFA community is one of the hardest hit. When some of our hardest workers have to choose between healthcare and other basic necessities for their families, this is an injustice that must be addressed. I strongly support this bill. Mahalo for this opportunity to testify.

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creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Tuesday, February 10, 2015 12:10 PM
To: HLTtestimony
Subject: FW: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Monday, February 09, 2015 9:36 AM
To: HUStestimony
Cc: aikoy@hawaii.edu
Subject: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

HB1239
Submitted on: 2/9/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Aiko Yamashiro	Individual	Support	No

Comments: Aloha, I would like to testify in strong support of the state‘s efforts to care for our COFA community. I know that some of the arguments against these measures point to a strained local economy that cannot support this community health work. I am reminded of the origin of the word "economy," from the Greek "oikos" or "hearth/home." This reminds me that economy is not supposed to be some huge transnational system of exchange, but, at its core, about the hearth, or home. It‘s about having the ability to support the health and success of our families, our home. I hope we do not as a community lose sight of what "economy" means as we debate a bill that is trying to support families, help them survive and help them care for each other. The COFA community are not strange foreigners or illegal "others," but our friends, neighbors, brothers and sisters in the Pacific. As the story of master navigator Papa Mau Piailug teaches me, we belong to long histories of islanders helping each other protect our cultural and natural health, against greed and other forces of forgetting. We must find a way to mālama our relations in their time of need. Thank you for considering a few points, below, and for your efforts to hold a deeper vision of what we value in Hawai‘i. with respect, Aiko Yamashiro writer, student, and instructor at UH Mānoa 1) This bill will reduce the inestimable economic impacts of public health issues that may arise from categorically restricting access to healthcare for a health-vulnerable group. From a public health standpoint, creating barriers to medical access for a particularly health-vulnerable group, to address communicable diseases, or gain precautionary or preventative care information, may have negative impacts on public health as a whole. The relatively high co-pay and cost-sharing rates charged to indigent individuals who would otherwise go to the doctor create just such a barrier, that could easily be reduced through the relatively small state investment in this bill. 2) The children of our COFA community members, many of whom are Hawai‘i and U.S. citizens, are seeking to develop their skills and capacity to contribute to our economic and social health, through higher education and other job training opportunities. The need to help cover the debts that may arise from a sick parent’s or family member’s co-pays and cost-sharing under this bill may force such enterprising young students to

forego their education and specialized training, delaying their potential socioeconomic contributions for a generation or more. Such opportunity costs will, in the long-term, likely far exceed the meager state investment proposed in this measure. 3) For COFA community members living below the poverty line, a $750 out-of-pocket minimum expense, as required under the Obamacare plans made available to them, may mean losing the ability to afford rent, purchase groceries and basic necessities, or support a child's education. In many cases, such individuals are likely to foregoaccessing medical services or purchasing prescription medication until their conditions deteriorate to the point of warranting a much more expensive, and much less effective, emergency room visit. In other words, by redirecting a portion of the approximately $27 million in cost savings that will be realized by the state, this life-saving measure will avoid forcing our sickest and most indigent community members to choose between medical care, or supporting their families.

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creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Tuesday, February 10, 2015 12:12 PM
To: HLTtestimony
Subject: FW: TESTIMONY in SUPPORT of HB1239, 2/13/2015, 8:30 a.m

From: Charlene Holani [mailto:holanic@hawaii.edu]
Sent: Monday, February 09, 2015 8:50 AM
To: HUStestimony
Subject: TESTIMONY in SUPPORT of HB1239, 2/13/2015, 8:30 a.m

Aloha Hawaii State Senate and House of Representatives,

I am testifying today in order to seek continued healthcare for the COFA community. I believe these COFA members rightfully deserve our support and morally need it. We as the US empire in the Pacific should ethically help our Pacific brothers and sisters, and in return I believe a healthy COFA community will be able to better contribute in our communities. With healthier COFA families this could lessen dependency on government funds in the future and allow families to participate better in the Hawaii's economy. With healthier COFA families, crime and domestic abuse will go down. With healthier COFA families children have hope to strengthen the future of Hawaii, the COFA states, and the Pacific community as a whole. Providing these people with the basic human right to simply live, and live healthily is the least we as Americans can do for these deserving people. Although the Federal government may not want to own up to its' responsibility this does not give right for our 50th state to do the same. I ask that we set the example of prosperity, and not taking the easy way out, and doing it the right way, so in the long run our children's, children's, children do not have to deal with even worst ends. Please do not choose another quick fix. Please continue the support for these human beings, our family.

Mahalo,
Charlene Lucille Holani

--
Charlene Holani
holanic@hawaii.edu
(808) 557-0858

creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Tuesday, February 10, 2015 12:04 PM
To: HLTtestimony
Subject: FW: TESTIMONY in SUPPORT of HB1239, 2/13/2015, 8:30 a.m.

From: Danielle Vassalotti [mailto:dvassal5@gmail.com]
Sent: Tuesday, February 10, 2015 9:23 AM
To: HUStestimony
Subject: TESTIMONY in SUPPORT of HB1239, 2/13/2015, 8:30 a.m.

Please place my name is support of this bill.

I want to see COFA citizens, who are community members and my neighbors and friends, have access to health care when they need it. If this tax money can be used to subsidize some of the cost for those that are struggling to make ends meet, then so be it. It is better for the health of the individuals, for their families and for the public at large in Hawaii. Healthy citizens are more likely to be happy and productive citizens.

Danielle Vassalotti

creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Tuesday, February 10, 2015 12:10 PM
To: HLTtestimony
Subject: FW: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Monday, February 09, 2015 9:39 AM
To: HUStestimony
Cc: jenny@hiappleseed.org
Subject: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

HB1239
Submitted on: 2/9/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Jenny Lee	Individual	Support	No

Comments: Please support health justice for the members of our community from Freely Associated States. These communities make valuable contributions to our diverse state, yet face widespread discrimination. As elected officials, I respectfully urge you to take a stand for social justice and public health to make sure everyone, regardless of ethnicity, can afford quality health care. Thank you for the opportunity to testify on this bill.

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creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Tuesday, February 10, 2015 12:04 PM
To: HLTtestimony
Subject: FW: *Submitted testimony for HB1239 on Feb 13, 2015 08:30AM*

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Tuesday, February 10, 2015 7:03 AM
To: HUStestimony
Cc: kelbe789@gmail.com
Subject: *Submitted testimony for HB1239 on Feb 13, 2015 08:30AM*

HB1239
Submitted on: 2/10/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Kelli Buenconsejo	Individual	Support	No

Comments:

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creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Tuesday, February 10, 2015 12:04 PM
To: HLTtestimony
Subject: FW: TESTIMONY in SUPPORT of HB1239, 2/13/2015, 8:30 a.m.

From: Kelsey Amos [mailto:kmt.amos@gmail.com]
Sent: Tuesday, February 10, 2015 8:17 AM
To: HUStestimony
Subject: TESTIMONY in SUPPORT of HB1239, 2/13/2015, 8:30 a.m.

Aloha,

I support health care for COFA residents.

1) This bill will reduce the inestimable economic impacts of public health issues that may arise from categorically restricting access to healthcare for a health-vulnerable group. From a public health standpoint, creating barriers to medical access for a particularly health-vulnerable group, to address communicable diseases, or gain precautionary or preventative care information, may have negative impacts on public health as a whole. The relatively high co-pay and cost-sharing rates charged to indigent individuals who would otherwise go to the doctor create just such a barrier, that could easily be reduced through the relatively small state investment in this bill.

2) The children of our COFA community members, many of whom are Hawai‘i and U.S. citizens, are seeking to develop their skills and capacity to contribute to our economic and social health, through higher education and other job training opportunities. The need to help cover the debts that may arise from a sick parent’s or family member’s co-pays and cost-sharing under this bill may force such enterprising young students to forego their education and specialized training, delaying their potential socioeconomic contri butions for a generation or more. Such opportunity costs will, in the long-term, likely far exceed the meager state investment proposed in this measure.

3) For COFA community members living below the poverty line, a $750 out-of-pocket minimum expense, as required under the Obamacare plans made available to them, may mean losing the ability to afford rent, purchase groceries and basic necessities, or support a child’s education. In many cases, such individuals are likely to forego accessing medical services or purchasing prescription medication until their conditions deteriorate to the point of warranting a much more expensive, and much less effective, emergency room visit. In other words, by redirecting a portion of the approximately $27 million in cost savings that will be realized by the state, this life-saving measure will avoid forcing our sickest and most indigent community members to choose between medical care, or supporting their families

Kelsey Amos

Graduate Assistant, University of Hawai ‘i Mānoa
Writer/Coordinator, Purple Mai‘a
Managing Editor, *Hawai‘i Review*
Writer, *inhmag.com*
808-222-5247 (cell)

creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Tuesday, February 10, 2015 12:06 PM
To: HLTtestimony
Subject: FW: *Submitted testimony for HB1239 on Feb 13, 2015 08:30AM*

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Monday, February 09, 2015 10:25 PM
To: HUStestimony
Cc: mkyching@gmail.com
Subject: *Submitted testimony for HB1239 on Feb 13, 2015 08:30AM*

HB1239
Submitted on: 2/9/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Michelle Ching	Individual	Support	No

Comments:

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From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Tuesday, February 10, 2015 12:13 PM
To: HLTtestimony
Subject: FW: TESTIMONY in SUPPORT of SB1327, 2/13/2015, 8:30 a.m.

From: Justin White [mailto:takahaster@gmail.com]
Sent: Sunday, February 08, 2015 11:15 PM
To: HUStestimony
Subject: TESTIMONY in SUPPORT of SB1327, 2/13/2015, 8:30 a.m.

1. Our COFA community members are the saving grace of our beleaguered Hawai'i Healthcare Connector, and are bringing millions of federal dollars into the state's healthcare economy through their participation in the Connector Marketplace. Ensuring that the neediest among them can afford insurance co-pays and cost- sharing essential to their access to health care is the least we can do in exchange for the countless unsung contributions the larger COFA community has made to our economy, our tax base, our unique social fabric, and our cultural heritage.

2. Enough is enough. Our diasporic COFA community members, who arrived on our shores seeking only the opportunities that other Hawai'i families sought just a few generations ago, have endured rampant and shameless stereotyping and discrimination in housing, education, employment and in all forms of media and social discourse as they endeavor to adapt to a foreign language, culture, government and social system. By denying them eligibility for healthcare safety nets enjoyed by all others, which their own taxes pay into directly and indirectly on both the state and federal levels, such discrimination is now focused on the neediest and most vulnerable individuals of our newest immigrant groups. This bill will help d raw a line in the sand, and ensure that our state does not poison its legacy and moral fabric by pushing a marginalized community even farther past the brink of dehumanization.

3. For COFA community members living below the poverty line, a $750 out-of-pocket minimum expense, as required under the Obamacare plans made available to them, may mean losing the ability to afford rent, purchase groceries and basic necessities, or support a child's education . In many cases, such individuals are likely to foregoaccessing medical services or purchasing prescription medication until their conditions deteriorate to the point of warranting a much more expensive, and much less effective, emergency room visit. In other words, by redirecting a portion

of the approximately $27 million in cost savings that will be realized by the state, this life-saving measure will avoid forcing our sickest and most indigent community members to choose between medical care, or supporting their families.

4. Now that the state and our healthcare industry are realizing millions of dollars in cost savings and federal subsidy revenues from our COFA community members' participation in the Healthcare Connector, a small investment as proposed by this measure will provide meaningful and equal access to healthcare while making a strong statement about our islands' values and unique sense of community, for generations to come.

5. A COFA community member who has been attending a local church, supporting their family and community, and contributing to our economic, cultural, and social fabric for decades, will now be ineligible for healthcare safety nets that a new mainland transplant with no connection to or investment in our islands can fully enjoy. This bill recognizes the commitment COFA community members have made to our islands in seeking a new life here, as well as their countless unsung contributions to our tax base, workforce, economy, culture, and understanding of Hawai'i's history and place in the Pacific. Meaningful access to healthcare, as this bill ensures, is the least we can do to not abandon those who have helped us move our islands forward, over the last three decades or more.

6. Even the modest appropriation proposed by this bill is likely far more than would be necessary to ensure cost- and life-saving access to healthcare for our most health vulnerable community members. Apart from the chronically ill, most of the former Medicaid enrollees who must now sign on to the Hawai'i Healthcare Connector will likely not need medical intervention or access except in the most exigent circumstances. Thus, actual costs will likely be closer to $2-$3 million, with $5 million as a safe estimate. In any case, this is just a fraction of what the state will be saving by forcing our indigent COFA community members off of the state Med-QUEST program.

7. This bill may provide relief to some of the hardest working residents of our islands. Given the discrimination faced by and limited employment opportunities offered to our COFA community members, including employment practices that intentionally seek to avoid triggering employer-insurance coverage requirements, many COFA community members on Med- QUEST are forced to work several part-time jobs, often at minimum-wage, just to make ends meet. While this is not endemic to the COFA community, COFA community members in such situations must now pay for their own healthcare costs on top of everything else, while others may continue enjoying the benefits of public healthcare safety nets. This bill will provide limited relief to such

COFA community members, and ensure that the hardest working among us can afford to go to the doctor and still pay for their families' housing, food, education, taxes, and other living expenses.

8. This bill will save the state and its hospitals and community health centers money in a number of ways:

1) It will allow timely access to healthcare, avoiding the need for expensive and inefficient emergency medical intervention. Many COFA families may not be able to afford the co-pays and cost-sharing fees they will be required to pay under the Healthcare Connector plans made available to them. This means that sick individuals will likely forego early medical treatment, and wait until their health deteriorates to warrant a visit to the emergency room -- when treatment is highly reactive, less effective, and much more expensive.

For those indigent individuals with no practical means of paying off their emergency room bills, these preventable emergency room costs will have to be borne directly by hospitals and other emergency caregivers.

2) Mapping studies in other areas have also shown that the vast majority of healthcare costs can often be attributed to the lack of access to regular medical care for a relatively few indigent and chronically-ill individuals. This bill directly addresses and avoids the economic impacts of such a situation.

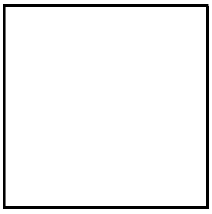
3) This bill will reduce the inestimable economic impacts of public health issues that may arise from categorically restricting access to healthcare for a health-vulnerable group. From a public health standpoint, creating barriers to medical access for a particularly health-vulnerable group, to address communicable diseases, or gain precautionary or preventative care information, may have negative impacts on public health as a whole. The relatively high co-pay and cost-sharing rates charged to indigent individuals who would otherwise go to the doctor create just such a barrier, that could easily be reduced through the relatively small state investment in this bill.

4) The children of our COFA community members, many of whom are Hawai‘i and U.S. citizens, are seeking to develop their skills and capacity to contribute to our economic and social health, through higher education and other job training opportunities. The need to help cover the debts that may arise from a sick parent's or family member's co-pays and cost-sharing under this bill may force such enterprising young students to forego their education and specialized training, delaying their potential socioeconomic contributions for a generation or more. Such opportunity costs will, in the long-term, likely far exceed the meager state investment proposed in this measure.

5) Notwithstanding decades of political rhetoric regarding "trickle-down economics," modern economic theories (and common sense) show that investing in low-income communities' financ ial security provides the biggest benefit for local economies, as these communities' collective spending patterns support local businesses and jobs to a far greater extent than the foreign investments often made by higher-income individuals. Conversely, reducing the spending power of low-income communities can have a substantial negative impact on our local economy, through the ripple effect of reduced revenues realized by the local businesses and institutions they patronize. By removing a substantial financial barrier to their cost-saving access to healthcare, this bill promotes the financial security of, and reduces the myriad financial burdens on, our low-income communities. Accordingly, this bill will allow the state's economy to realize the benefits of maintaining our low-income communities' collective spending power.

—

Justin Takaha White
Oahu-based Designer
e:Takahaster@gmail.com | w:krop.com/Takahaster



creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Tuesday, February 10, 2015 12:03 PM
To: HLTtestimony
Subject: FW: TESTIMONY in SUPPORT of SB1327, 2/13/2015, 8:30 a.m.

From: Randy Compton [mailto:rcompton@hawaii.edu]
Sent: Tuesday, February 10, 2015 9:17 AM
To: HUStestimony
Subject: TESTIMONY in SUPPORT of SB1327, 2/13/2015, 8:30 a.m.

Even the modest appropriation proposed by this bill is likely far more than would be necessary to ensure cost- and life-saving access to healthcare for our most health vulnerable community members. Apart from the chronically ill, most of the former Medicaid enrollees who must now sign on to the Hawai‘i Healthcare Connector will likely not need medical intervention or access except in the most exigent circumstances. Thus, actual costs will likely be closer to $2-$3 million, with $5 million as a safe estimate. In any case, this is just a fraction of what the state will be saving by forcing our indigent COFA community members off of the state Med-QUEST program.

-Randy Compton

creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Tuesday, February 10, 2015 2:32 PM
To: HLTtestimony
Subject: FW: *Submitted testimony for HB1239 on Feb 13, 2015 08:30AM*

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Tuesday, February 10, 2015 1:54 PM
To: HUStestimony
Cc: tameraheine@gmail.com
Subject: *Submitted testimony for HB1239 on Feb 13, 2015 08:30AM*

HB1239
Submitted on: 2/10/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Tamera Heine	Individual	Support	No

Comments:

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To: HLTtestimony
Subject: FW: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Sunday, February 08, 2015 7:17 PM
To: HUStestimony
Cc: wctanaka@gmail.com
Subject: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

HB1239
Submitted on: 2/8/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Wayne	Individual	Support	No

Comments: Enough is enough. Our diasporic COFA community members, who arrived on our shores seeking only the opportunities that other Hawai'i families sought just a few generations ago, have endured rampant and shameless stereotyping and discrimination in housing, education, employment and in all forms of media and social discourse as they endeavor to adapt to a foreign language, culture, government and social system. By denying them eligibility for healthcare safety nets enjoyed by all others, which their own taxes pay into directly and indirectly on both the state and federal levels, such discrimination is now focused on the neediest and most vulnerable individuals of our newest immigrant groups. This bill will help draw a line in the sand, and ensure that our state does not poison its legacy and moral fabric by pushing a marginalized community even farther past the brink of dehumanization. Mahalo nui for your consideration and STRONG SUPPORT of this important measure!

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Napualani Young

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Wednesday, February 11, 2015 2:00 PM
To: HLTtestimony
Subject: FW: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Wednesday, February 11, 2015 9:38 AM
To: HUStestimony
Cc: alohabettylou@hotmail.com
Subject: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

HB1239
Submitted on: 2/11/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Betty Lou Larson	Individual	Support	No

Comments: I support this bill. Without this bill, many people will not be able to afford the premiums or cost shares and so may not go to the doctor until they need urgent care. This will result in many more ER visits and more serious conditions. The cost of one ER visit is exorbitant. Multiple visits within a year puts a burden again on our health care system. The ill person will also not receive needed continuity of care when only urgent needs are addressed. Thank you for hearing this bill and considering the impact on lives.

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Napualani Young

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Sent: Wednesday, February 11, 2015 1:50 PM
To: HLTtestimony
Subject: FW: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Wednesday, February 11, 2015 8:59 AM
To: HUStestimony
Cc: hlusk@chowproject.org
Subject: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

HB1239
Submitted on: 2/11/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Heather Lusk	Individual	Support	No

Comments: Thank you for the opportunity to testify. I strongly support this bill which will support COFA migrants in getting the services they deserve. Thank you!

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Napualani Young

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Thursday, February 12, 2015 8:12 AM
To: HLTtestimony
Subject: FW: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Thursday, February 12, 2015 8:10 AM
To: HUStestimony
Cc: stanbain@facehawaii.org
Subject: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

HB1239
Submitted on: 2/12/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Rev. Stanley Bain	Individual	Support	No

Comments: I testify in strong support of HB1239 because when everyone has access to healthcare all of our communities are healthier. Furthermore, Hawai'i residents who hail from the COFA nations are here because the federal government promised them healthcare and jobs. This agreement was the result of our poisoning their air, land and water, as well as their genes, when the United States wreaked havoc and death on by testing nuclear weapons in their environment. Consequently, COFA member residents in Hawai'i suffer severe, multiple illnesses which get passed from generation to generation. May our state take the magnanimous and moral action toward setting aright the grievous broken pledge until our national leaders suffer a pang of conscience and step up to assume the national responsibility due to these Pacific nations. Please do the right thing by passing this bill today.

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COMMITTEE ON HEALTH

Rep. Della Au Belatti, Chair

Rep. Richard P. Creagan, Vice Chair

COMMITTEE ON HUMAN SERVICES

Rep. Dee Morikawa, Chair

Rep. Bertrand Kobayashi, Vice Chair

Measure: HB 1239 Relating to HealthCare
Date: Friday Feb 12th
Time: 8:30 AM
Place: Conference Room 329

From: Neal A. Palafox MD, MPH, Sheldon Riklon MD, Wilfred C. Alik MD

Re: In Strong Support of HB1239

Committee Chairs and Vice Chairs—Thank you for taking the time to carefully assess the merits of HB 1239.

This testimony represents the views of Drs. Palafox, Riklon, and Alik. Although Dr. Palafox and Dr. Riklon are full time faculty at the Department of Family Medicine and Community Health at the John A. Burns School of Medicine, and Dr. Alik is the Chief of Service at the Kaiser Hilo Clinic, the perspectives here are personal and that of physicians. We do not represent the views of the institutions where we are employed.

With regards to expertise in this area: Dr. Riklon and Dr. Alik were born and raised in the Republic of the Marshall Islands, trained at the John A. Burns School of Medicine, making them the only two US trained Marshallese MD's worldwide. Dr. Palafox has lived in the Republic of the Marshall Islands for nearly a decade, and has worked with all the health care systems in the US Pacific Compact Nations over the past 30 years. The perspective in the testimony is drawn from first hand clinical experience with the Compact of Free Association (COFA) peoples in their home nations and in Hawaii. Dr. Riklon is the current Chair of the Micronesian Health Advisory Council in Hawaii and Dr. Alik was the previous Chair. We are in strong support of SB1327.

The Micronesian COFA community has been proactively working with Director Rachel Wong, the Hawaii Connector leadership, and the Department of Human Services Staff

to ensure that the Connector truly connects with the COFA community. The COFA community wishes to make the effort succeed to a.) alleviate the state Quest costs, and b.) provide a robust health care insurance coverage for this population.

Even if Hawaii's Basic Healthcare Hawaii (BHH) COFA residents are successfully transferred to the Hawaii Connector, Hawaii will not succeed in its goal to save the State $27 million and to provide adequate health insurance for this population. The Affordable Care Act (ACA) Health Exchanges, which includes Hawaii's Health Connector, were designed and intended to make health insurance affordable. The Hawaii Connector Silver Insurance Plans (insurance plans for those below 100% FPL) are NOT affordable for the COFA BHH population.

Through the ACA and HI Connector, 94% of costs for the Premium Assistance Silver Plans will be covered by the US Federal Government, largely through tax credits. Six percent (6%) of the insurance premium cost will be passed on to the insured individual via outpatient visit co-pays, co-insurance costs, portions of hospital bills, and medication co-pays. Whereas individuals with a good income would be able to pay these copay/ co-insurance costs, the COFA residents who are below 100% of the Federal Poverty Level (FPL) will NOT be able to make these payments. They do not have the disposable income to accommodate these costs, and thereby they will NOT be able to access the health care system to prevent and manage their health needs.

In other testimony, that by Dr. Derauf and others, scientific and epidemiologic evidence has demonstrated that people without true access and preventive care will eventually have a major financial consequences for the state and health care facilities because of late diagnoses, end stage diabetes, heart complications, strokes, high utilization of hospital services, advanced cancers, and emergency room visits. This evidence will not be revisited here.

US Citizens and other legally present residents (LPR) who have resided in the US for five years, and who are 100% below the US FPL are eligible for Federal or State Medicaid programs. COFA migrants are not. Although the ACA Connector has programs for people living below the 100% FPL, these programs are unlikely to achieve their goal for COFA migrants because of the built-in barrier to health access in the 6% costs borne by the individual.

Problem solving the cost: The price tag to subsidize the copays and coinsurance costs in SB1239 is estimated to be 8 million dollars. A realistic cost estimation of the COFA enrolles, assuming the worst case scenario, can be derived through determining the maximum out of pocket costs ($750.00) for each of the 7500 COFA BHH per enrollee per annum. The worst case scenario cost is $5.6 million dollars annually. If we assume that only half of these individuals will reach the maximum out of pocket costs,

the actual cost will be closer to 4 million annually. Paying $4 million to $5.6 million dollars annually to avoid the $27 million dollar State BHH Quest cost is a wise investment. Should this investment not be made, the cost to the State Government, all of Hawaii's people, and the health care system will far surpass the $5.6 million investment.

Where to get the financing:

Hawaii receives about $11 million dollars annually from the US Federal Government to offset Hawaii's Compact Impact. If $5 million annually from the Compact Impact funding were utilized to subsidize the 6% out of pocket costs for the COFA enrollees the State finance and health care access goals would be met. Further, we agree that $500,000 from the Compact Impact settlement should be used annually for outreach as recommended by HB1239.

This solution would create a robust Federal funding resolution for health care insurance coverage for the COFA migrants. US Federal tax subsidies would offset the 94% Connector Premium Plan costs and the other 6% would be borne by direct Federal Compact Impact funds.

Evaluation: To better understand and plan for future costs and impacts of terminating BHH, there should be a financial, management, and operations impact evaluation of the Connector as it relates to the finances and health of COFA enrollees. This proposed evaluation would cover the time period between January 1, 2015 and May 30, 2016. It should be submitted to the Administration and Legislature by October 15, 2016. The cost of such an evaluation will be determined by its scope and would likely be in the $100,000.00 range.

Recommendations:

1. Cover the 6 % out of pocket costs for qualified COFA enrollees to ensure the utility and purpose of the ACA HI Connector
2. Consider drawing all or part of the 6% share of the COFA enrollees insurance costs from the existing Federal Compact Impact funding.
3. Invest in an evaluation plan and process as defined above for better management and understanding the true costs of the BHH termination plan. The cost may be borne by Compact Impact funds and or insurance partners.

HB1239 is ABSOLUTELY necessary. Thank you for this opportunity to testify.

Neal A. Palafox, MD, MPH

Sheldon Riklon, MD

Wilfred Alik, MD

creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Thursday, February 12, 2015 1:10 PM
To: HLTtestimony
Subject: FW: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Thursday, February 12, 2015 1:09 PM
To: HUStestimony
Cc: nwong370@hawaii.edu
Subject: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

HB1239
Submitted on: 2/12/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Norman Wong	Individual	Support	No

Comments: Ensuring that the neediest among them can afford insurance co-pays and cost-sharing essential to their access to health care is the least we can do in exchange for the countless unsung contributions the larger COFA community has made to our economy, our tax base, our unique social fabric, and our cultural heritage.

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creagan1 - Dannah

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Thursday, February 12, 2015 3:21 PM
To: HLTtestimony
Subject: FW: Strong Support of HB1239 , 2/13/15 8:30 am

From: Megan Inada [mailto:megan.inada@gmail.com]
Sent: Thursday, February 12, 2015 3:00 PM
To: HUStestimony
Subject: Strong Support of HB1239 , 2/13/15 8:30 am

Aloha,

I submitted testimony online but I wasn't sure I addressed it right so I wanted to send it by email as well. Thank you so much for this opportunity to voice my opinion.

Strong support for HB1239

Thank you for the opportunity to provide strong support for HB1239. This bill will help ensure people receive the lifesaving care they need. I understand that there are always budget concerns when you have to make hard decisions, but I believe that this will save the State money in the long run. By helping to remove financial barriers to seeking care, individuals will be more likely to seek the care they need in a timely fashion, rather than wait until late in the stage of their disease, when care is likely to be more extensive.

As a public health student at the University of Hawaii, Manoa I have been studying the health and healthcare needs of Hawaii's Micronesian population. Recently my team and I submitted a study for publication, looking at Hawaii's hospital discharge data from 2010-2012. We found that Micronesians were hospitalized younger and often times sicker than Japanese, Caucasian, and Native Hawaiian populations in several disease categories. If we do not support COFA migrants in obtaining the care they need, these inequities will only get worse.

Thank you for considering this bill that has the potential to save many lives.

Sincerely,

Megan Kiyomi Inada Hagiwara, MPH

creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
Sent: Tuesday, February 10, 2015 12:09 PM
To: HLTtestimony
Subject: FW: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Monday, February 09, 2015 12:22 PM
To: HUStestimony
Cc: howardj@hawaii.edu
Subject: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

HB1239
Submitted on: 2/9/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Jocelyn	Individual	Comments Only	No

Comments: This bill may provide relief to some of the hardest working residents of our islands. Given the discrimination faced by and limited employment opportunities offered to our COFA community members, including employment practices that intentionally seek to avoid triggering employer-insurance coverage requirements, many COFA community members on Med-QUEST are forced to work several part-time jobs, often at minimum-wage, just to make ends meet. While this is not endemic to the COFA community, COFA community members in such situations must now pay for their own healthcare costs on top of everything else, while others may continue enjoying the benefits of public healthcare safety nets. This bill will provide limited relief to such COFA community members, and ensure that the hardest working among us can afford to go to the doctor and still pay for their families' housing, food, education, taxes, and other living expenses.

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creagan3 - Karina

From: kobayashi2-Lynda on behalf of HUStestimony
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To: HLTtestimony
Subject: FW: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Monday, February 09, 2015 11:38 AM
To: HUStestimony
Cc: kbfitmaui@gmail.com
Subject: Submitted testimony for HB1239 on Feb 13, 2015 08:30AM

HB1239
Submitted on: 2/9/2015
Testimony for HUS/HLT on Feb 13, 2015 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Paul Strauss	Individual	Comments Only	No

Comments: Enough is enough. Our diasporic COFA community members, who arrived on our shores seeking only the opportunities that other Hawai'i families sought just a few generations ago, have endured rampant and shameless stereotyping and discrimination in housing, education, employment and in all forms of media and social discourse as they endeavor to adapt to a foreign language, culture, government and social system. By denying them eligibility for healthcare safety nets enjoyed by all others, which their own taxes pay into directly and indirectly on both the state and federal levels, such discrimination is now focused on the neediest and most vulnerable individuals of our newest immigrant groups. This bill will help draw a line in the sand, and ensure that our state does not poison its legacy and moral fabric by pushing a marginalized community even farther past the brink of dehumanization.

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