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The Twenty-Eighth Legislature, State of Hawaii
Hawaii State Senate
Committee on Ways and Means

Testimony by
Hawaii State AFL-CIO
April 4, 2016

H.B. 2539, H.D.2, S.D.1 – RELATING TO INSURANCE

The Hawaii State AFL-CIO opposes H.B. 2539, H.D.2, S.D.1, which authorizes insurers, mutual benefit societies, and health maintenance organizations to offer, sell, or renew, on or after January 1, 2017, a high deductible health plan in conjunction with a health savings account to an employer subject to the prepaid health care act together with a prepaid health care plan insurance policy, which is not a high deductible health plan, that has been sold to the employer..

H.B. 2539, H.D.2, S.D.1 establishes high-deductible health insurance plans along with health savings accounts which could negatively impact a number of employees in Hawaii. These plans may discourage workers from seeking medical care and could potentially cost them more money each year in medical costs. The Hawaii State AFL-CIO respectfully requests the Committee on Ways and Means to defer this measure indefinitely.

Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira
President

The Twenty-Eighth Legislature
Regular Session of 2016

THE SENATE

Committee on Ways and Means

Senator Jill N. Tokuda, Chair

Senator Donovan M. Dela Cruz, Vice Chair

State Capitol, Conference Room 211

Monday, April 4, 2016; 2:00 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 2539, HD2, SD1
RELATING TO INSURANCE**

The ILWU Local 142 **opposes** H.B. 2539, HD2, SD1, which authorizes insurers, mutual benefit societies, and health maintenance organization to offer, sell, or renew, on or after January 1, 2017, a high deductible health plan in conjunction with a health savings account to an employer subject to the Prepaid Health Care Act together with a prepaid health care plan insurance policy, which is not a high deductible health plan, that has been sold to the employer. Limitation for high deductible health plans and health savings accounts are also specified.

Despite amendment, H.B. 2539, SD1 continues to allow for high deductible health plans, coupled with health savings accounts, which could pose a risk to Hawaii's Prepaid Health Care Act.

Our objections to H.B. 2539, HD2, SD1 are threefold.

First, we object to the bill because the lure of money available to employees in a health savings account may result in unwise choices. Even with extensive education to help the average worker understand how the health savings accounts (HSA) and high deductible health plans (HDHP) work, many healthier employees, who do not need medical services, may only hear that monies will be available to them and will sign up for the plan. On the other hand, their not-so-healthy co-workers will have no choice but to stay with the employer's remaining health plan, which is very likely to increase in cost. "Creaming" is bound to occur, to the disadvantage of the non-HDHP plan.

Second, we object to the bill because of the impact that high deductible plans could have on the prevalent plan under the Prepaid Health Care Act. The prevalent plan is the plan with the greatest number of enrolled individuals. Currently, the prevalent plan offers the highest standard of benefits. However, if fewer people enroll in the plan with better benefits, the standard will be eroded and the prevalent plan may become one with lesser benefits.

Third, while high-deductible plans mean lower premiums, the unintended consequence is that fewer people will access health care services, resulting in greater costs when a person is finally forced to seek treatment. What could have meant lower-costing treatment for a condition detected early may mean catastrophic costs for delayed treatment due to a high deductible.

The ILWU urges that H.B. 2539, HD2, SD1 be HELD. Thank you for the opportunity to share our views and concerns.