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Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Health and Human Services
Wednesday, February 1, 2023
1:00 p.m.

State Capitol, Conference Room 225 and via Video Conferencing

On the following measure:
S.B. 64, RELATING TO MEDICARE SUPPLEMENT INSURANCE

Chair San Buenaventura and Members of the Committee:

My name is Gordon Ito, and I am the Insurance Commissioner for the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department offers comments on this bill.

The purpose of this bill is to require issuers of Medigap insurance in the State to accept an eligible individual's application for coverage at any time throughout the year and prohibits issuers from denying the applicant a Medigap policy or certificate or make any premium rate distinctions because of health status and requires the Insurance Commissioner to amend or adopt rules accordingly.

We caution that this bill is likely to lead to an upward pressure on premiums for Medicare Supplement insurance for the approximately 10,000 Hawaii seniors who are enrolled today.

Testimony of DCCA

H.B. 64

Page 2 of 2

Maintaining reasonable eligibility standards and underwriting criteria help insurance issuers to maintain solvency and control the costs of premiums charged to consumers.

We note that the Medicare Supplement insurers are already required to offer an open enrollment period upon initial eligibility for Medicare and then a guarantee issue period for those who find themselves in a special circumstance.

Thank you for the opportunity to testify on this bill.

SB-64

Submitted on: 1/30/2023 1:01:41 PM

Testimony for HHS on 2/1/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Adam Zarrin	Testifying for The Leukemia & Lymphoma Society	Support	Remotely Via Zoom

Comments:

Good afternoon, Chair San Buenaventura and the Senate Health and Human Services Committee members.

My name is Adam Zarrin, and I am the Director of State Government Affairs for the Leukemia & Lymphoma Society. Our mission is to cure blood cancers and improve the quality of life of patients and their families.

On behalf of blood cancer patients and their families, we are testifying in support of SB 64.

As you know, aging Americans usually enroll in a Medicare-type program when they reach 65. Those who pick Medicare Parts A and B will find no annual out-of-pocket spending limit for their major medical coverage.

So, many turn to supplemental coverage to reduce those out-of-pocket costs.

This coverage is critical for blood cancer patients. Cancer treatment is expensive. Patients pay tens of thousands of dollars in out-of-pocket expenses each year.

Unfortunately, there are no ACA patient protections in Medicare Supplement Insurance or Medigap.

Medigap is the only comprehensive health insurance product allowed to discriminate against people with serious or chronic health conditions.

That means no coverage at all or higher premiums for seniors with pre-existing conditions.

SB64 can stop that practice.

The bill reduces discrimination, creates choices for patients, and cuts bad debts for health systems.

And that means more patients will have affordable access to these plans.

Again, we thank the sponsors for bringing this important piece of legislation. And we appreciate the members' time and consideration of this matter and hope you will support this bill on behalf of blood cancer patients.

Thank you.



January 31, 2023

Senator Joy San Buenaventura, Chair;
Senator Henry J.C. Aquino, Vice Chair; and
Senate Health and Human Services Committee Members
Hawai'i State Capitol, Room 225
415 South Beretania St.
Honolulu, HI 96813

RE: SUPPORT for Hawaii S.B. 64

Dear Chair San Buenaventura, Vice Chair Aquino and Members of the Senate Health and Human Services Committee:

On behalf of Hawaiians living with ALS, we respectfully request your support for Senate Bill 64, which requires issuers of Medicare supplemental policies, also known as Medigap, to accept an eligible individual's application for coverage or an enrollee's application to switch to another eligible plan at any time throughout the year, and prohibit issuers from denying the applicant a Medigap policy or make any premium rate distinctions because of health status, claims experience, medical condition, or whether the applicant is receiving health care services.

If enacted, S.B. 64 would increase the Medigap enrollment access period for patients who are eligible for Medicare, including patients with amyotrophic lateral sclerosis (ALS), thus helping ALS patients obtain supplemental insurance coverage to help them afford their vital care.

The ALS Association is the largest philanthropic funder of ALS research in the world. The Association funds global research collaborations, assists people with ALS and their families through its nationwide network of staff, certified clinical care centers, and advocates for better public policies for people with ALS. The ALS Association builds hope and enhances quality of life while urgently searching for new treatments and a cure.

As you may already know, most people with ALS become eligible for Medicare Part A and B regardless of age the month their Social Security disability benefits start. Most patients choose to enroll in Medicare as their primary health insurance coverage, especially since many working age people with ALS are no longer able to work and therefore unable rely on health insurance through their employer. Medicare Part A covers hospital care, skilled nursing facility care, nursing home care, hospice, and home health services. Part B covers outpatient care, durable medical equipment, ambulance services and mental health.

Medicare Part B covers 80 percent of medical care with no cap on out-of-pocket (OOP) expenses. Medigap plans may cover some of the costs that fee-for-service Medicare does not cover such as copayments, coinsurance, and deductibles. Many persons with ALS who rely on Medicare and who do not qualify for Medicaid need Medigap insurance to help them afford their deductibles and co-pays.

ALS patients have complex health care needs and face high out-of-pocket costs. The average annual OOP costs for ALS patients on Medicare can be as much as \$82,500, adjusted for

inflation.¹ This can present significant financial difficulties for ALS patients and their families, sometimes leading to heart-wrenching decisions such as whether to seek certain types of care or face bankruptcy.

While federal law does not require private insurance companies to sell Medigap plans to people under age 65, Hawaii is one of several states that has some protections in place. Most people who develop ALS are diagnosed between the ages of 40 and 70 with the average age being 55 at the time of diagnosis. The lack of federal protection for Medicare eligible patients under 65 has resulted in an uneven patchwork of state laws on this issue.

Fortunately, Hawaii is one of a handful of states that requires Medigap insurers in the state to guarantee access to Medicare supplemental insurance to Hawaiians who become eligible for Medicare at community-rated plans, however the enrollment period for Medigap is limited to the first six months of a patient's Medicare eligibility. If passed, SB 64 would fix this limitation.

We believe that expanding Medigap enrollment periods to Hawaiians with ALS is an important and concrete way elected officials can support those with this life-altering, expensive, and devastating terminal disease.

Thank you for your time and for your consideration of this important legislation. For all these reasons we respectfully ask for your support for Senate Bill 64.

Sincerely,

Kelly Goss, J.D., LL.M
Managing Director, Advocacy
The ALS Association
kelly.goss@als.org

Kara Nett Hinkley, MPP
Vice President, State Policy
The ALS Association
kara.hinkley@als.org

Melanie Lendnal, Esq.
Senior Vice President, Policy & Advocacy
The ALS Association
melanie.lendnal@als.org

¹ Cost of Amyotrophic Lateral Sclerosis, Muscular Dystrophy, and Spinal Muscular Atrophy in the United States. The Lewin Group, Inc, March 2012. \$63,848 in 2012, when the Lewin study was published, is \$82,536.54 in 2023 as the dollar had an average inflation rate of 2.36% per year between 2012 and today, producing a cumulative price increase of 29.27%.



Hawai'i Committee on Health and Human Services
415 South Beretania St.
Honolulu, HI 96813

January 30, 2023

Chair San Buenaventura, members of the committee:

On behalf of the Chronic Disease Coalition, thank you for the opportunity to provide our strong support for SB 64, which will improve access to Medicare supplemental insurance (commonly referred to as Medigap) for thousands of Hawai'i patients.

The Chronic Disease Coalition is a nationwide nonprofit organization dedicated to protecting the rights of chronic disease patients against discriminatory policies and practices. The coalition was founded in 2015 and has since worked to advocate for people living with long-term or lifelong health conditions such as diabetes, kidney disease, multiple sclerosis, psoriasis, cancer, and other chronic diseases.

Chronic disease patients and their families need this lifesaving coverage. Health care costs can break families, and Medigap coverage is an essential tool in managing those costs. Federal law doesn't require insurers to sell Medigap to those under 65, but state law can. Some states are already 1) requiring insurers to provide Medigap to all Medicare patients, regardless of age and 2) requiring insurance companies charge the same rate, regardless of age.

The legislation before you today would expand improve access to Medigap for thousands of Hawai'ians by enabling them to enroll when it makes the most sense for them and their families. Having Medigap coverage is essential to all patients with any type of chronic diseases because it helps cover the remaining out of pocket costs after Medicare picks up the first 80 percent.

This is a very positive step for your constituents with chronic illness. We urge you to pass this legislation immediately. Thank you very much for your consideration.

Sincerely,

Nathaniel Brown
Director of Advocacy
nathaniel@chronicdiseasecoalition.org
971.219.5561

January 31, 2023

The Honorable Joy San Buenaventura, Chair
The Honorable Henry J.C. Aquino, Vice Chair
Members, Hawaii Senate Health and Human Services Committee

RE: SB 64 – Support

Dear Chair San Buenaventura, Vice Chair Aquino, and Members of the Committee,

My name is Hrant Jamgochian, and I have the honor of serving as the Chief Executive Officer of Dialysis Patient Citizens (DPC). A national, nonprofit patient advocacy organization, DPC works to improve the lives of dialysis patients through education and advocacy. We are a patient-led organization with membership open only to dialysis and kidney disease patients and their families. Our mission and policy positions are guided solely by our membership and Board of Directors, which is comprised entirely of End Stage Renal Disease (ESRD) patients.

Thank you for the opportunity to provide testimony in support of SB 64, which, if enacted, would require issuers of Medicare Supplemental (or Medigap) insurance in Hawaii to accept an eligible individual's application for coverage at any time throughout the year. The bill further prohibits issuers from denying the applicant a Medigap policy or certificate or make any premium rate distinctions because of health status.

Equitable access to Medigap plans for ESRD patients under age 65 is a key policy priority for DPC. We are pleased that Hawaii provides guaranteed-issue access to Medigap plans to under age 65 dialysis patients, and the addition of open enrollment throughout the year is a positive step for Hawaii to broaden access for this patient population. Dialysis patients comprise an extremely vulnerable population, nearly half of whom are on Medicaid or dual eligible. These individuals, of which more than 3,000 live in Hawaii, need either multiple weekly dialysis treatments or a kidney transplant to stay alive. There are no other treatment options.

Furthermore, kidney disease and dialysis disproportionately impact communities of color. According to the latest data from the U.S. Renal Data System, African Americans are 3.5 times more likely to have kidney failure; while Hispanics, Asians and Native Americans are 1.5 times more likely. Health disparities for this group are further exacerbated when it comes to lifesaving kidney transplant. The American Journal of Nephrology cites poor health insurance as a key contributor to lower transplant rates for African Americans.¹

¹ Health Disparities in Kidney Transplantation for African Americans; Am J Nephrol 2017; 46:165-175

Access to fair and equitable Medigap plans for dialysis patients who are under age 65 helps to provide these patients with financial security. People become eligible for Medicare coverage in two ways: upon turning age 65, or under age 65 when defined as disabled or diagnosed with ESRD (kidney failure). But, even with Medicare coverage, patients are still responsible for the 20% coinsurance of their medical expenses. Since Medicare does not limit the annual out-of-pocket copays and deductibles, which is roughly \$18,000 per year for dialysis patients, Medigap coverage helps patients pay for these expenses. Many dialysis patients struggle with impossible decisions like whether to pay their medical bills to stay alive or buy food and pay rent. It also explains why so many dialysis patients are forced to spend down their assets to qualify for Medicaid in order to help relieve their financial burden.

Passage of SB 64 would provide open enrollment to covered dialysis patients to switch to an equal or lesser Medigap plan that better fits their financial needs. I thank you again for the opportunity to comment on SB 64 and urge its prompt passage.

Sincerely,

Hrant Jamgochian
Chief Executive Officer

cc: Pamela Zielske, Western Region Advocacy Director



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The State Legislature
Senate Committee on Health and Human Services
Wednesday, February 1, 2023
Conference Room 225, 1:00 p.m.

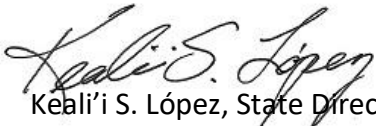
TO: The Honorable Joy San Buenaventura, Chair
RE: Support for S.B. 64 Relating to Medicare Supplement Insurance

Aloha Chair San Buenaventura and Members of the Committee:
My name is Keali'i Lopez and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social mission organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 140,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

AARP supports S.B. 64 which requires issuers of Medigap insurance in Hawaii to accept eligible applications for coverage anytime throughout the year; and not deny the applicant a Medigap policy and/or discriminate any premium rate distinctions because of health status, claims experience, and medical conditions.

Under traditional Medicare, people can have substantial cost-sharing and out-of-pocket expenses for their medical care especially if they have a serious health problem. Many Medicare beneficiaries supplement their Medicare benefits with private insurance such as Medigap plans to help lessen the risk of these out of pocket expenses. There are approximately 279,000 Medicare beneficiaries in Hawaii and AARP supports making these Medicare supplemental insurance affordable and available to those who need it including people with pre-existing or new medical conditions.¹ Federal and state policy makers and insurance commissioners should review Medicare supplement insurances standards to ensure that plans continue to offer meaningful benefits and affordable choices for beneficiaries and protect them from high out-of-pocket costs. Thank you very much for the opportunity to testify in support for **S.B 64**.

Sincerely,


Keali'i S. López, State Director

¹ AARP State Fact Sheet -2022

TO THE SENATE
KA 'AHA KENEKOA
THE THIRTY-SECOND LEGISLATURE
REGULAR SESSION OF 2023

COMMITTEE ON HEALTH AND HUMAN SERVICES
Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair

DATE: Wednesday, February 1, 2023

TIME: 1:00 PM

PLACE: Conference Room 225 & Videoconference
State Capitol, 415 South Beretania Street

Bill No. **SB 64**

POSITION: **SUPPORT SB64 with Comments**

Under the current HRS §43I:10A—304, Hawaii Revised Statutes, there is no provision stating that insurance companies will issue medigap insurance to individuals with pre-existing medical conditions unless the individual satisfies certain conditions. The proposed amendment to HRS §43I shall prohibit issuers from denying the applicant a medigap policy or certificate or by making any premium rate distinctions because of health status, claims experience, medical condition, or whether the applicant is receiving health care services.

Furthermore, SB63 shall require issuers of Medigap insurance in the State of Hawaii to accept an eligible individual's application for coverage at any time throughout the year and prohibits issuers from denying the applicant a Medigap policy or certificate or making any premium rate distinctions because of health status.

Restrictions in time may mean that someone may need medical care and because they have not properly signed up or completed the proper paperwork could be in a position where they may end up with a bill that is beyond their ability to pay. The introduction of this type of legislation and its intent regarding medigap insurance cannot be overstated. However, it does speak to a larger issue of education and greater outreach toward healthcare with the proper directions toward such services.

However, with all that said about the positives of this bill and its intent, I support this bill with reservations. I look forward to the Attorney General's opinion on this bill and in dull diligence should confirm that this proposed legislation with CMS (Center for Medicare and Medicaid Services) verifying that SB64 does not go against any federal policies with unattended consequences.

If SB46 does not violate federal regulations, then is my recommendation that bill SB64 be passed out of this committee and that changes to this bill should be in keeping with the introducer's intent. The passage of this bill will increase the standard of living for many in Hawaii and prevent many from economic disaster. Thank you for the opportunity to submit my testimony.

Mahalo,

Ken Farm

SB-64

Submitted on: 1/28/2023 6:08:48 PM

Testimony for HHS on 2/1/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
cheryl B.	Individual	Comments	Written Testimony Only

Comments:

Comment: Hawai`i State Insurance for retirees/employees 65 and older should also be able to the same through the State insurance which becomes a Medigap insurance once on Medicare.