THE GROWING UNINSURED RISK FOR HAWAI`I:

A BRIEF HISTORY OF THE STATE HEALTH INSURANCE PROGRAM OF 1989

HI SENATE HEALTH AD HUMAN SERVICES COMMITTEE BRIEFING

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HAWAI`I THE HEALTH STATE ERA – 1985-1995

- The Prepaid Health Care Act (PHCA)
- Med-QUEST
- State Health Insurance Program (SHIP*)

* Not to be confused with the State health Insurance Assistance Federal Program run by EOA

THE BIRTH OF SHIP

- Post PHCA implementation came Med-QUEST
- About 6% of population remained uninsured
- The "gap" group consisted of those not eligible for Medicaid, Medicare, VA, or the PHCA
- They were not "employed" or were working less than 19 hours/week
- Who? Part-time or gig workers, worker paid by commission (realtors, some construction), mom and pop and small business owners, students – mostly healthy people
- Governor Waihe`e wanted to close the gap and assigned DOH to make it happen

SHIP ESSENTIAL FEATURES

- Created by Act 378 (1989), and with HRS Chapter 341N
- Funding of $4M in 1989 for start-up costs and $10M in 1990 for launch and for subsidies as needed
- Very few beneficiaries needed subsidies -- 90% were able to pay their full premiums because of very low premium prices: $60/month adults; $20/month per child; $150/month for family of four.
- Program was contracted to HMSA and Kaiser Permanente. Both insurers were willing to participate because the state guaranteed to cover any losses of greater than 3% of premium collected –however no losses ever occurred. Each year we were able to increase benefits!
- Benefits consisted of all prevention services for age (USPSTF); 6 doctor or clinic visits; appropriate ED visits, 3 inpatient days, related lab and imaging tests, and some limited drug coverage per beneficiary/year
- Payment was a full commercial rates – not discounted.

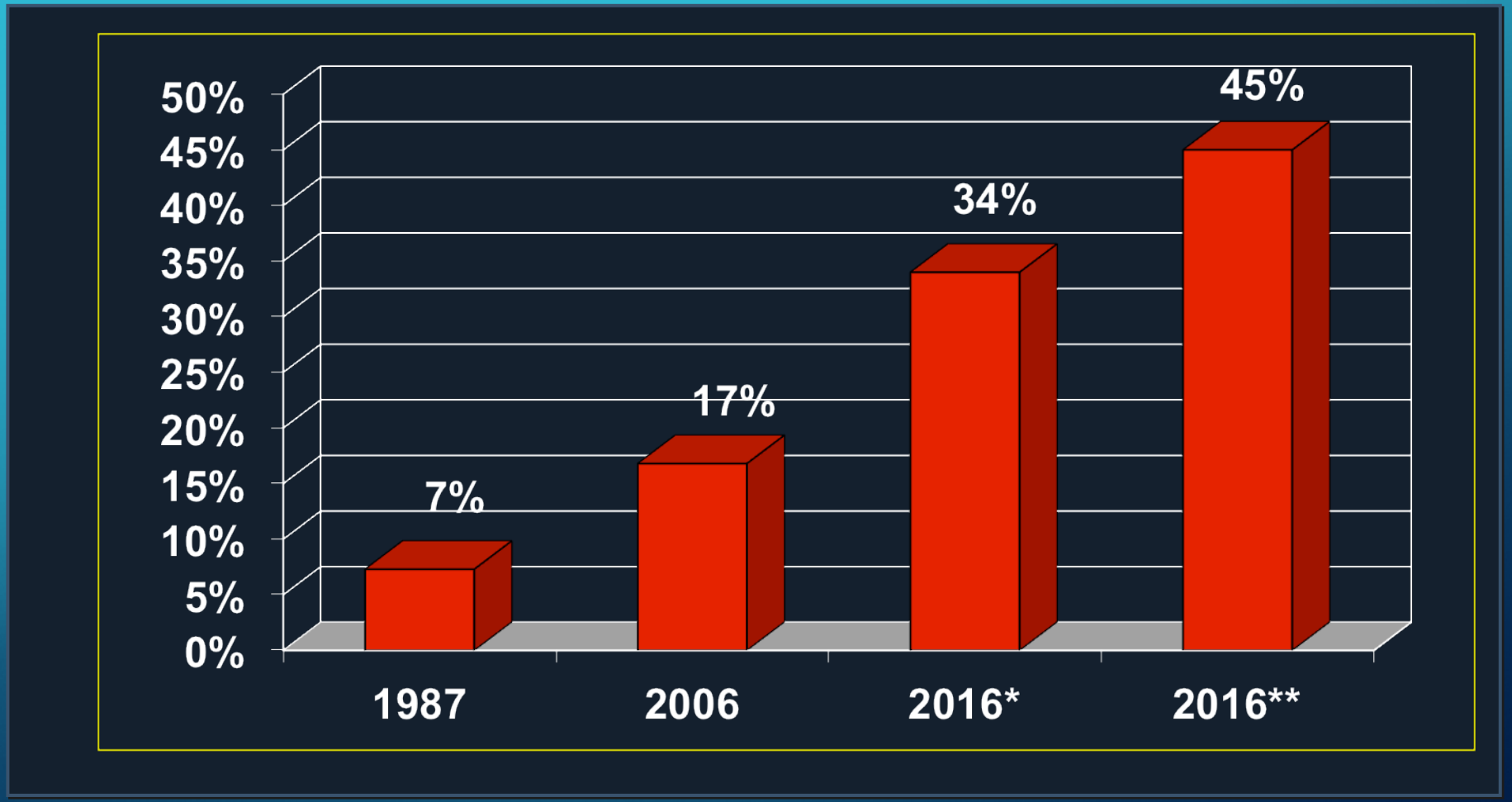
SHIP RESULTS

- Hospitals participated because they earned more from the 3 inpatient days and ED visits from this population than they would if the patients were uninsured
- Over 20,000 people signed up by year 2 of operation
- I think it grew to almost 50,000 beneficiaries but can't locate that data
- Doctors and clinician liked it
- The prevention and primary care benefits saved money overall
- No further state resources were needed beyond the $14M initial investment
- Patient did not need 6 doctor/clinician visits – they use an average of less than 3 visits per year (except for well-child and prenatal visits which were consider prevention visits.
- The 3-day hospital use policy covered almost all inpatient needs

WHAT HAPPENED TO SHIP?

- Governor Cayetano – with good intentions – folded SHIP into Med-QUEST after the Waihe`e years hoping for federal subsidies
- This caused premiums to drastically rise because of federal mandated full benefit coverage.
- Many of the former SHIP beneficiaries are either on the ACA Exchanges (where tax subsidies may be cut) or remain uninsured today (folks making too much money for Med-QUEST, but unable to afford to pay for coverage, including mostly small business owners, gig workers, part time workers, realtors, etc
- Most of the uninsured are on neighbor islands today

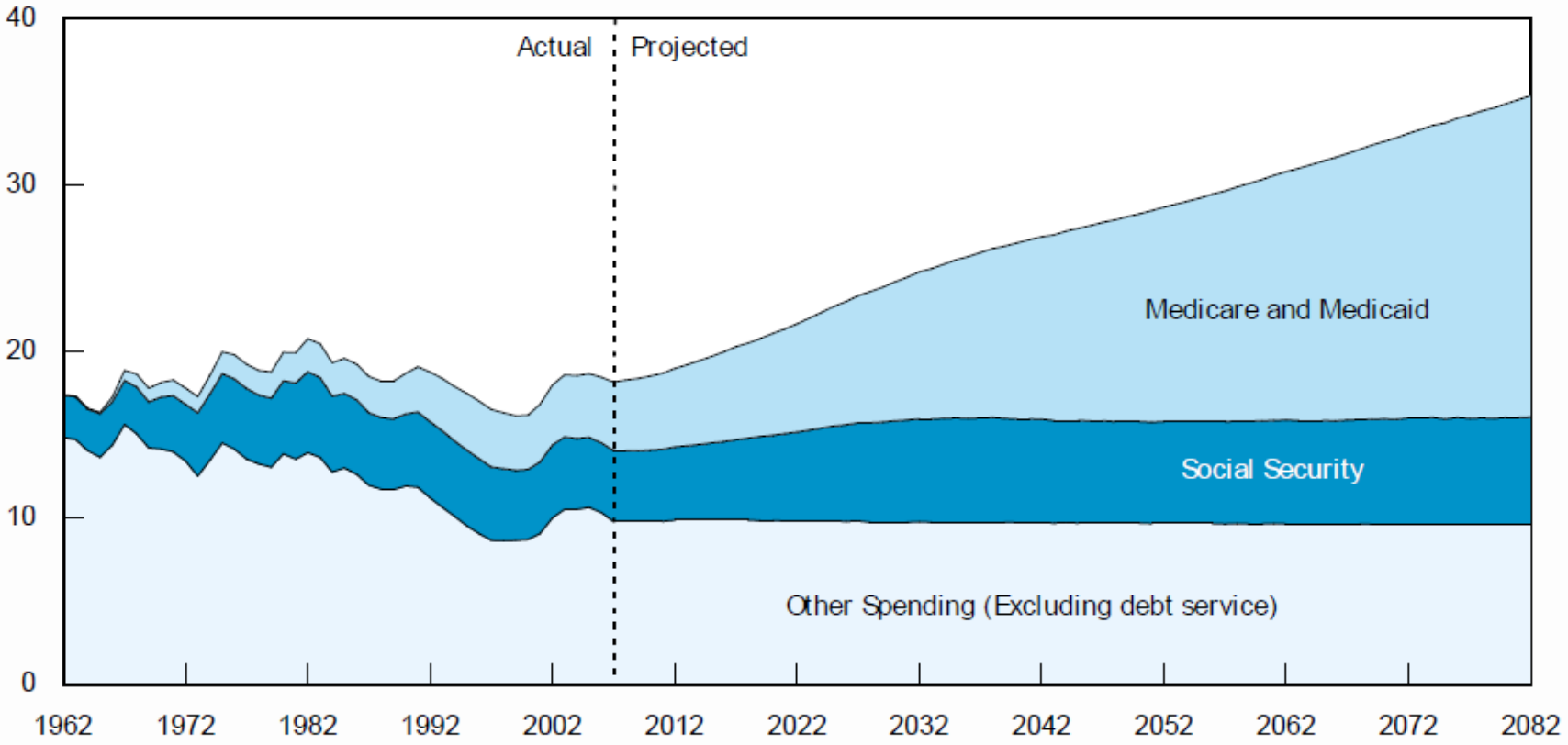
PERCENT OF MEDIAN FAMILY INCOME REQUIRED TO PURCHASE FAMILY HEALTH INSURANCE



Source: Author's calculations, using KFF and AHRQ premium data, CPS income data, plus projections from Carpenter and Axeen, The Cost of Doing Nothing

Long-Term Fiscal Gap and Health Care Costs

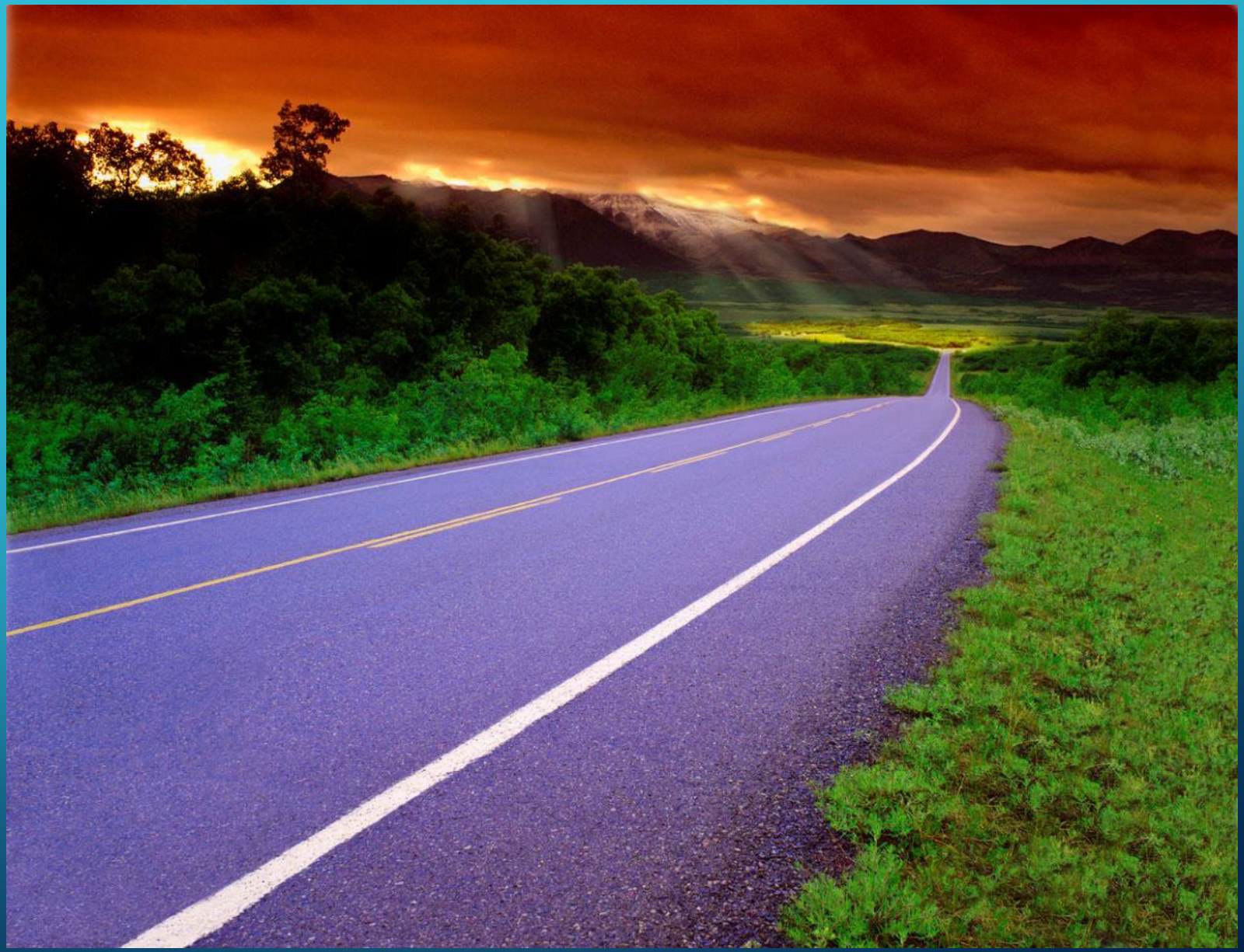
Percentage Share of GDP



Source: CBO (2007)

WHAT DOES HAWAI`I NEED?

1. UNIVERSAL ACCESS TO HIGH-QUALITY AND AFFORDABLE HEALTHCARE
2. IMPROVE ACCESS TO CARE BY FIXING OUR WORKFORCE SHORTAGES, INCLUDING USE OF TELEHEALTH, FIX TRANSPORTATION GAPS, AND HUGELY EXPAND TRAINING PROGRAMS –FOCUS ON RURAL AREAS AND NEIGHBOR ISLANDS
3. DOUBLE THE INVESTMENT IN PRIMARY CARE (FROM <5% TO >12%)
4. EXPAND ALL TECH RESOURCES – EHRS, BROADBAND AND WIFI, RPM, AND SHARE DATA BROADLY: THE APCD, HIE, AND A STATEWIDE QUALITY OF CARE DATA HUB AND CARE COORDINATION HUBS TO MAKE BEHAVIORAL HEALTH AND HRSNS EFFICIENTLY AVAILABLE
5. MOVE FROM FFS REIMBURSEMENT TO POPULATION HEALTH PAYMENT MODELS (EXCEPT FOR PREVENTION SERVICES)
6. ALLOW OUR KŪPUNA TO LIVE AT HOME AS LONG AS POSSIBLE
7. FOCUS ON PREVENTION AS PART OF EVERY STEP ABOVE



SHPDA IS HERE TO HELP IF NEEDED