

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 1, 2013

The Honorable Della Au Belatti, Chair
The Honorable Dee Morikawa, Vice Chair

House Committee on Health

Re: HB 848 – Relating to Health Insurance

Dear Chair Belatti, Vice Chair Morikawa, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 848 which amends the Insurance Code to (1) define “small employer” as one that hires between one and 100 employees; and (2) applies producer licensure to insurers, health maintenance organizations, and mutual benefit societies. HMSA supports this Bill.

The Affordable Care Act (ACA) mandates small businesses to purchase health care benefit coverage for their employees through the state’s health exchange. And, it incentivizes participation by providing tax credits. Currently, eligible employers may receive a credit for up to 35 percent of their contribution toward the employees’ health insurance premiums. For 2014 and beyond, small businesses who purchase coverage through the new health insurance exchanges can receive a tax credit for two years of up to 50 percent of their contribution.

The ACA requires each state to define the size of the small business as including from one to 50 employees, or from one to 100 employees. HB 848 defines Hawaii’s small businesses as including from one to 100 employees. In selecting this definition of a small business, the State will ensure a broader participation in the Hawaii Health Connector, and a greater opportunity for the success of our State exchange.

We would like to point out one matter for your consideration. There currently are discrepancies within the federal law and between the federal and State laws with respect to the definition of an “employee.” This may pose issues for the State and the Connector. However, federal regulations are anticipated to be finalized this Spring, and any impact on this legislation, hopefully, may be addressed before the end of the legislative session.

Thank you for the opportunity to testify in support of this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "JDiesman".

Jennifer Diesman
Vice President
Government Relations



HPCA

HAWAII PRIMARY CARE ASSOCIATION

House Committee on Health

The Hon. Della Au Bellati, Chair

The Hon. Dee Morikawa, Vice Chair

Testimony in Support of HB848

Relating to Health Insurance

Submitted by Robert Hirokawa, Chief Executive Officer

February 1, 2013, 8:30am, Room 329

The Hawai'i Primary Care Association, which represents community health centers in Hawai'i, **supports** HB848, Relating to Health Insurance, which moves to expand the definition of small employers from 50 to 100 individuals.

An insurance exchange relies on a large number of consumers to minimize the associated risk for all purchasers. Already the State of Hawaii is at a disadvantage in this regard because the Prepaid Healthcare Act covers such a large percentage of working individuals. As the pool of individuals in the exchange shrinks, consumers become more susceptible to risk. This susceptibility simultaneously reduces the consumer's purchasing leverage and enhances the bargaining power of insurers. Expanding the definition of small employers would add to the number of participants in the Hawaii Health Exchange and enhance the purchasing capabilities of consumers.

We thank you for the opportunity to testify on HB848.