

SB 1205

The Twenty-Fifth Legislature
Regular Session of 2009

THE SENATE
Committee on Ways and Means
Sen. Donna Mercado Kim, Chair
Sen. Shan S. Tsutsui, Vice Chair

LAG

State Capitol, Conference Room 211
Friday, February 27, 2009; 9:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 1205, SD1
RELATING TO TEMPORARY HEALTH INSURANCE FOR UNEMPLOYED PERSONS**

The ILWU Local 142 supports S.B. 1205, SD1, which provides temporary health insurance for unemployed persons who lost their health insurance.

The unemployment rate in Hawaii is the highest it has been in a decade. Thousands of Hawaii residents are without jobs or have reduced work hours. Most are collecting unemployment benefits, but many have exhausted their eligibility for benefits. With seriously reduced income, most of them find themselves and their families without health insurance, placing an additional burden on hospitals and insurance plans.

S.B. 1205, SD1 will help to close that gap and provide coverage to those who would otherwise be uninsured. While the Legislature may believe the State cannot afford such expenditure in this difficult economic climate, the alternative of having more people uninsured yet requiring health services which cost must be borne by taxpayers or passed on to employers and employees by insurance companies is unacceptable as well.

SD1 proposes to limit funds available for this temporary health insurance for unemployed persons to federal monies through the American Recovery and Reinvestment Act of 2009. We have no position on this, largely because we do not know how the federal "stimulus" money may be spent. One provision that has been discussed is that COBRA continuation coverage for unemployed persons would be reduced by 65%. However, we have not yet been able to find someone who knows how this will be implemented. One thing is fairly certain, though--if temporary insurance will only be for those signed up for COBRA, that will be a problem.

Nevertheless, the ILWU does support keeping this bill alive. Temporary health insurance will provide relief not only to the unemployed person and his family but to the State, insurers, and taxpayers as well.

The ILWU urges passage of S.B. 1205, SD1. Thank you for considering our testimony.

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR

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DEPUTY DIRECTOR

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

February 27, 2009

MEMORANDUM

TO: Honorable Donna Mercado Kim, Chair
Senate Committee on Ways and Means

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 1205, S.D. 1 – RELATING TO TEMPORARY HEALTH INSURANCE
FOR UNEMPLOYED PERSONS**

Hearing: Friday, February 27, 2009, 9:00 a.m.
Conference Room 211, State Capitol

PURPOSE: The purpose of this bill is to establish a temporary health insurance program for unemployed individuals. Places the program in the Department of Human Services and appropriates general funds.

DEPARTMENT'S POSITION: While the Department of Human Services (DHS) acknowledges that this measure has merit, DHS must respectfully oppose this bill, because, given the current fiscal difficulties, it would not be prudent to pursue enactment at this time.

It's important to note that for children, they are eligible for our QUEST Medicaid program if the household income is 300% of the federal poverty level or less. If a household member loses his or her job, we encourage them to apply on behalf of their children for QUEST coverage. For example, a family of four can earn over \$73,000

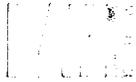
annually and qualify. DHS encourages any parent who has lost a job or might otherwise have an income below this threshold to apply for QUEST for their children

The program proposed in S.B. 1205, S.D. 1, is cost prohibitive given the State's current fiscal difficulties. The program proposed in this bill would be entirely State funded, and the burdensome administration requiring verification of eligibility, tracking of certifications, and collecting monthly premiums would be costly and also entirely State funded. DHS would require additional staff in order to not compromise other Med-QUEST programs.

The American Recovery and Reinvestment Act of 2009 contains a provision for up to nine months of a Federal subsidy of 65% of the COBRA premium for individuals who had involuntary loss of employment between September 1, 2008 and December 31, 2009 and where eligible for COBRA. The State does not have a role in administering this subsidy.

Thank you for the opportunity to testify on this bill.

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