

Children without Health Insurance in Hawaii

Health Insurance and Children in Hawai'i

November 12, 2003 Health Policy Forum

Why Are There Uninsured Children In Hawai'i?

Of the estimated 27,000 children in Hawai'i who are currently without health insurance, approximately 14,000 are eligible for free medical assistance through the public health insurance program QUEST, according to the University of Hawai'i Social Science Research Institute. If income eligibility levels were raised to 300% of the Federal Poverty Level (FPL), an additional 2,500 children could be covered. The Honolulu Advertiser reported on October 29, 2003, that 120,000 people in Hawai'i do not have health insurance, and about 22% are children despite the July 2000 expansion of Med-Quest. It was with these figures in mind that a panel of health insurance experts from the public and private sectors were gathered to discuss the issue of uninsured children in Hawai'i, and what can be done to remedy the current health insurance crisis that thousands of children currently face.

Panel participants:

- Pearl Tsuji - QUEST
- Paul Tom - private sector
- Frank Chong - Senior Health Policy Consultant, Aloha Care
- James Chen - Waianae Comprehensive Health Center

Panel participants were given the following questions to concentrate on during their address:

Private sector:

- How do employers provide for employees' children?
- Do employers encourage employees to provide for their children?
- Are parents saving money by not paying the premium to add children as dependents?
- Should there be legislation that mandates employers to cover employees' children and forces employees to enroll in the program?

Public/Government-sponsored Insurance

- S-CHIP/Med-Quest/Medicaid

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- Eligibility
- Funding
- Program Administration
- Is there a safety net?
- Community Health Centers

How can we get more children insured in Hawai'i?

- Barriers to Remove
- Strategies

What have we learned as possible policy success stories or strategies to help shape future efforts to get all children insured?

The opening speaker, Pearl Tsuji works for DHS , Med-QUEST in the Kapolei area, and is the public sector representative at the forum. She spoke on the topics of Medicaid, S-Chip, and Quest eligibility and program information.

Medicaid:

Speaker Tsuji stated that Medicaid is a joint program between the state and the federal government, which is responsible for children/families/individuals who are eligible for Medicaid backing. Medicaid falls under Federal Title XIX, and receives \$.58 back from the federal government for each \$1 the state pays.

Medicaid Eligibility:

185% of the FPL is used to determine Medicaid eligibility for children under 1 year old. For children between 1-5 years (inclusive), 133% of the FPL is used to determine eligibility. For children between 5-18 years old (inclusive), 100% of the FPL is used to determine eligibility.

Medicaid is used as a payer of last resort. Speaker Tsuji noted that children *can* be insured and still qualify for Medicaid coverage under the appropriate eligibility guidelines.

S-CHIP:

(State Children's Health Insurance Program) is Title XXI under the federal government. Speaker Tsuji said that (they) don't promote the program as a separate program, rather it is promoted as medical assistance to enhance funding

opportunities. For S-CHIP the state receives \$.71 back from the government on every \$1 the state spends.

S-CHIP Eligibility:

Incomes levels cannot exceed 200% of the FPL. S-CHIP does *not* cover those who are already insured elsewhere.

Speaker Tsuji also added that all Federal programs are mandated by the same basic criteria:

- Need to be a resident of Hawai'i
- Need to have entered the U.S. on or before August 22, 1996
- OR in the U.S. for at least five years
- Must apply for Social Security #

Finally (to reiterate), Federal Programs DO look at income, however, there are no asset tests.

QUEST:

Quest is a state funded medical assistance program for children, designed specifically for those children who do not qualify for other programs (for those who are not aged, blind, or disabled). Hawai'i uses a special Federal exemption to have this sort of program. A significant aspect of this program, however, is that individual people with Employer Covered Health Insurance are NOT eligible for QUEST although their children and other family members are still eligible for coverage (unless they are already covered under private health insurance). Eligibility does have income requirements, which must be below 185%, 133%, and 100% (depending on age) of FPL although assets are not included. The application date determines when a case is approved for the program applications must be signed and received, paper work information must be integrated.

Currently there is a waitlist for adults trying to get into the QUEST program. The cap for adults is 125,000, who are not aged or blind but there is no wait (no limit) for children.

Paul Tom, of Benefits Plan Consultants Hawai'i, Inc. (BPCH) represented the private sector in the Health Insurance Forum. He spoke on the Health Insurance Pre-Paid Health Care Act of 1974 criteria.

Public and Private Sectors:

Speaker Tom began by stating that whatever was not covered by the public sector is ultimately covered through or by the private sector. In addition, he stated that current health costs are driven by state and federal taxation.

According to Tom, there are currently two types of private insurances available:

- First Class: Employer sponsored insurance is offered as a benefit through employment; the larger group they employ, the smaller the cost to the employer
- Second Class: Individual purchased insurance through an insurance company

Health Insurance Pre-Paid Health Care Act of 1974:

After 1974, employers no longer had the option to offer health insurance to employees. Hawai'i is the only state with pre-paid health care law. The law states that all employers working more than 20 hours per week for four or more consecutive weeks must have health insurance either with the employer or with another carrier. This is not a voluntary option for the employer or the employee. The law states that employers must pay the bulk of the insurance premiums: 1.5% of an employees wage can be used towards the cost, but it cannot exceed 50% of the healthcare premium. Employers may choose to offer two different plans or a combination thereof:

Section 7-A:

- This plan is based on whichever HMO plan currently has the highest enrollment in Hawai'i. This plan is considered the gold-standard plan. This is an innovative idea because the population decides on the plan, not a committee, board, or congress.
- Preferred Provider Plan tends to be the most used in Hawai'i. (e.g. Kaiser Plan: \$10 co-payment, 100% for x-rays/labs and hospital costs)
- If an employer offers this plan, they are NOT mandated to provide coverage for dependents, however.
- In Hawai'i, 95% of employers have 20 employees or less. A large business is considered 1,000 employees or more (e.g. Hawaiian Airlines, Kaiser Permanente, etc.

Section 7-B:

- The floor plan, offering to lowest benefits
- Law requires that if an employer offers this plan they must offer it to dependents and the employer will pay at least 50% of the dependent cost.
- Larger employers tend to prefer this plan
- E.g. \$200 deductible, 80/20 benefit, \$2,000/year out-of-pocket

Employees can sponsor more than one plan or a combination of plans, however the employer only has to pay at the lower costing plan if they sponsor more than one plan.

Eligibility:

- Employee must be working 20 or more hours per week, for four or more consecutive weeks
- If spouse is working and another plan is offered by his or her employer, s/he must accept that coverage and are considered ineligible for dependent coverage under spouse's insurance.
- This law does not cover contractors or people who are self-employed.
- This law applies to private sector business, but does not cover federal, state, or county employees.

(This purportedly saves the government money by not have to use taxpayer money to pay for health insurance premiums).

Rev. Frank Chong is a senior health policy consultant with AlohaCare. He is former Executive Director of the Waikiki Community Health Center and has been active in health and human services in the Honolulu area since the early 1980s. He discussed the history of the health care/health insurance system in Hawai'i and what issues individuals and community health centers face.

Speaker Chong opened his remarks with a brief history of Health Care system in Hawai'i:

- Missionaries arrived in 1820's
- First plantations were established in the 1830's. Plantation owners saw a need to ensure and maintain the health of the workers by providing some sort of health care.

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- Most plantations had infirmaries, while some hired salaried physicians.
- Department of Health dates back to the Kingdom: around 1830's-1840's Hawai'i already had a very sophisticated health care system
- This system was in place until about 1940, when advanced in organized labor prompted a shift from health care to health insurance.
- Many/most infirmaries disappeared as the plantations closed down
- Most Oahu hospitals have a particular ethnic base which is very unique
- Between 1920-1974 there were rapid changes in Hawai'i's health care system
- Following WWII, the hospital, technology and medicine industries exploded
- 1974: Health care policy enacted to recognize that employers have a responsibility to contribute to the health of their workers.

Recent/Current issues:

- Uninsured - Ten years ago in Hawai'i the number of uninsured was about 5% of the populations. Today, it is about 10% and rising.
- Costs of health care and insurance are rapidly rising.
- President Clinton initiated an unsuccessful push toward health care reform by attempting to implement a national health care system. Now that our nation is in a health care crisis, perhaps these efforts will gain greater acceptance.

At Waikiki Community Health Center, a number of policy issues and question arose:

- Is insurance the best way to cover the uninsured 10% who fall through the cracks?
- Medicaid works well for those who are very poor and meet the eligibility requirements,..
- How far can the government go to taking care of otherwise unqualified people (e.g. charity care)?
- Community Health Centers are designed to meet the needs of uninsured/underinsured populations, but how can we maintain them economically and support them legislatively?

Speaker Chong noted that about half of our state's 100,000 uninsured could conceivably qualify for one of the existing programs if they knew about them and applied.

James Chen has been involved with the Waianae Coast Comprehensive Health Center for the past 12 years as their chief financial officer. Speaker Chen discussed safety net providers (community health centers), changes in Medicaid policy, and discrepancies between service - application - children.

In 1994, a Demonstration project moved Medicaid from a fee for service system to a managed care system, whereby the state pays a certain amount per patient, per month. This amount often does not cover the real costs of health care. Prior to 1994, safety net providers would receive federal reimbursement. After the 1994 Demonstration project, an unintended consequence developed that some people now have had to switch to private providers and the community health centers have taken a financial hit.

Effects of Medicaid Policy

The changes in policy regarding Medicaid ultimately effects community health centers:

- Providing services to Medicaid population is very costly
- Grant money, as well as federal, state, and private money, is now going toward the coverage of Medicaid services - another unintended consequence of recent legislation.
- The unintended consequences are eroding the ability of community health centers to provide services.
- New immigrants must wait five years to receive any Medicaid services - so, they are forced to seek health care from community health centers, public hospitals and emergency rooms.
- Since Medicaid doesn't cover the full spectrum of services, community health centers are negatively impacted financially, in providing these services.

Side notes:

- Changes in employer-based contributions won't improve the situation for the uninsured/underinsured - the majority of these folks aren't working. Therefore, they too, depend on safety net providers for health care.
- Each community health center serves it's own distinct geographical community.
- Most community health centers offer sliding scale fees.

Speaker Chen notes that 50% of the children treated at Waianae Community Health Center are uninsured, and this should not be the case. All children should be covered

under at least one of the state's programs, but they must apply first. Unfortunately, the application process often interferes with the retroactive case reimbursement that supposedly applies to the date of the application, not the approval date.).

Finally, Speakers Chong and Chen challenge us as community members to:

- Think creatively
- Think ahead. What will the intended consequences be of a given policy or procedure?
- What are our priorities? Do we really want everyone insured, or do we want better health care for all?
- What about holistic health: mental health, social health, and physical health?
- Look outside your regular frame of reference ÷ what do other countries do? How have they handled Health Care issues and policy? National Health Care?
- In terms of policy, *THINK OUTSIDE THE BOX!*