

Hawaii Health Care Task Force
Chair's Report
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The Hawaii Health Care Task Force was created in 2005 by the State Legislature and the Governor to explore ways to achieve quality, affordable and accessible healthcare for all the residents of our State. Some would call this an attempt to achieve universal healthcare. The word 'universal' invariably sparks a debate in which the proponents and opponents of universal healthcare weigh-in on "socialized medicine"; i.e. the Canadian system of health care delivery. I think that this is a false assumption.

As Chair of the Task Force, I have come to believe that: 1. Quality healthcare for every individual in a society is essential for community stability, and 2. Any universal healthcare system conceived for Hawaii will be uniquely American, unlike any other system in any other industrialized nation. We are simply too 'ruggedly individualistic' in America, as Fredrick Jackson Turner declared (a saying later attributed to President Teddy Roosevelt) to attempt this in the same manner as any other nation.

I would like to share some key observations made during my tenure as Chair of the Task Force and offer five proposals that would achieve a form of universal healthcare for Hawaii.

Following are ten observations on the state of health care and the uninsured in Hawaii.

Observation #1 – Hawaii is better situated than any other state to achieve universal health care for its residents. In Hawaii, approximately 10 percent of our people lack health insurance coverage. This low number is the result of the landmark Prepaid Health Care Act of 1974, mandating that employers provide health insurance for any employee working 20 hours per week or more, for four consecutive weeks. Further, because Hawaii's unemployment rate is amongst the lowest in the nation, we continue to insure the most people.

Observation #2 – Health insurance in Hawaii is consistently less expensive than in most other markets in the country AND the rate of increase has been smaller than most other markets (this in spite of minimal competition). Still, the COST OF HEALTH CARE in Hawaii is increasing significantly, just as it is in every other corner of the nation.

Observation #3 – Hawaii’s 12 public hospitals (Hawaii Health Systems Corporation) and our 13 Federally Qualified Community Health Centers are extremely well positioned geographically to deliver quality healthcare to all-comers, irrespective of insurance status, as long as they can be made financially stable with an appropriate and dependable funding mechanism.

Observation #4 – Hawaii’s healthcare providers and hospitals are chronically under-reimbursed, resulting in hospital wide shortfalls in excess of \$100 million per year (a cumulative loss of \$525 million over 5 years), and a gradual exodus of Hawaii’s physicians. Moreover, it is very difficult to recruit new physicians to Hawaii because of this reimbursement issue.

Observation #5 – Approximately 60 percent of Hawaii’s uninsured are part-time workers between 20 and 50 years old. This group tends to consume very little health care and needs only the most basic primary healthcare; one or two office visits per year PLUS protection against catastrophic events that result in unmanageable cost to individuals and their families. They could easily be insured in a single risk pool, administered by their employers, in a plan that has a high deductible (\$2500) and is very inexpensive (approximately \$100/month).

Observation #6 – A single payer plan will require a significant new tax but can be made to be nearly cost neutral to businesses and all individuals. Many in Hawaii’s working middle class (up to \$150,000 annual salary) would pay less. It would save the State in excess of \$500 million per year in overall health care expenditures. The impact on the administrative structures of health care facilities and providers and current health insurers would be substantial, although there would still be need for some administrative functions to process claims and make payments.

Observation #7 – Efficiency business models, a global electronic medical record system for the state, and tort reform should all be considered as critical pieces in healthcare reform to maximize the benefit of other systemic changes.

Observation #8 – Widespread education campaigns promoting preventive health care and appropriate use of healthcare facilities will greatly reduce costs and improve health outcomes.

Observation #9 – There is widespread political and institutional resistance to any significant healthcare reform in Hawaii.

Observation # 10 - Hawaii can and SHOULD be the first state to achieve universal healthcare given our cultural values that prescribe Aloha for our ohana, those in our immediate family and the larger community.

Following are my individual recommendations to offer coverage for Hawaii's uninsured, all of which have been touched upon during our task force discussions and each of which can be adopted singularly or as a comprehensive plan to ensure coverage for all:

- 1. Expand access to Medicaid to families whose income is between 250 and 300 percent of federally poverty levels. Cost: expensive Impact: implications of expanding the welfare state unknown**
- 2. Create a high deductible 'skinny plan' for part-time employees and mandate that every individual in the state's workforce have this at a minimum. Cost: inexpensive Impact: positive for hospitals and providers**
- 3. Make available a "Hawaii Essential" plan which entitles any individual in the state to receive care at any federally qualified health center and Hawaii Health Systems Corporation hospital with a small deductible (\$10.) and very minimal annual cost. Cost: inexpensive Impact: very significant growth in the public health sector**
- 4. Apply a 5-7 percent payroll tax statewide and declare universal insurance IF certain negative milestones are met such as hospital insolvency, an increase in health care costs that exceeds 10 percent per year and/or an increase in the rate of the uninsured beyond 12 percent. This would take the form of the Universal Healthcare recommendation explored by the Lewin group in the body of this report. Cost: neutral Impact: all are covered, private health insurance plans jeopardized**
- 5. Fund and provide direct services to all of those without insurance. Cost: \$250 per person annually statewide. Impact: positive for providers and consumers, does not address rising healthcare costs.**

Must do recommendations:

A Hawaii Health Commission or a Hawaii Health Commissioner should be funded to monitor the state of health care in Hawaii. This small body or individual should serve as a policy generator for the state on healthcare accessibility and affordability. The commission should produce biennial reports for the legislature and governor on the state of the uninsured (the percent uninsured), the change in

the cost of healthcare and the statewide access to health services. Should a dramatic change in the climate of healthcare occur statewide, this commission will be poised to make immediate recommendations to the appropriate governmental agencies.

A Hawaii Healthcare Provider Map should be created which comprehensively delineates the range of the health care services, from all disciplines, for each region of the state. This map will facilitate the recruitment of health care providers and will aid in the appropriate use of state resources should they be necessary to fill major gaps in health access (ex. neurosurgery on the Big Island, hemodialysis in West Maui).

The Community Health Centers must be adequately funded and encouraged to develop appropriate satellite clinics to meet the primary care needs of all of Hawaii's citizens, particularly those without insurance or regular primary care providers.

A comprehensive trauma plan must be devised for Hawaii, which should at least include level 2 trauma centers in each county and advanced transport capabilities to maximize the benefits of the Golden Hour. Over-water helicopters will be necessary as will support of our fixed wing air ambulance services.

Create state loan repayment programs for physicians and nurses to work in rural Hawaii. Also create opportunities for healthcare professionals to donate professional services and in turn receive breaks on malpractice costs and student loans.

In conclusion, healthcare is becoming prohibitively expensive and there is a national health care crisis that threatens to reach Hawaii. We need to have long-range plans and contingency plans to provide affordable, accessible healthcare to every state resident. It will not be free, but it can be achieved relatively simply if we choose to put the people's health first and entrenched concepts of how to deliver it, second. Hawaii should be the first to insure and care for ALL of its people because it is "pono", it is the right thing to do. The nationwide symbolic value of providing health care for all of Hawaii's people will exceed all of our expectations.