NASW

National Association of Social Workers — Hawaii Chapter

October 20, 2005

TO: Rep. Josh Green, Chairman
And members of the Health Care Task Force

FROM: Debbie Shimizu, LSW
National Association of Social Workers, Hawaii Chapter

RE: Establishing Universal Health Care in Hawaii

Chairman Green and members of the Health Care Task Force, I am Debbie Shimizu, Executive Director of the National Association of Social Workers, Hawaii Chapter (NASW) and a member of the Health Care For All Coalition. NASW, Hawaii Chapter represents over 1000 professional social workers in the state of Hawaii. Our members work in hospitals, community clinics, long term care and other health and mental health facilities. Thank you for the opportunity to provide comments on the issue of universal health care.

NASW supports a universal right to health care under a single payer system. In reviewing the handouts from your meeting on September 8, 2005, I would like to call your attention to the article by Kate Mulligan, a Canadian psychiatrist, on "Canada's Single-Payer Plan Solves Some Access Issues" that provides some insights into the differences between the US health care system and the Canadian single-payer system. In the article, Dr. Mulligan identifies two problems of the Canadian system, i.e. 1) difficulties in seeing a specialist; and 2) long waits for treatment. This is particularly true in reference to mental health treatment because: 1) there is a shortage of psychiatrists in Canada; and 2) the federal government controls the funding and number of residency slots for psychiatry thus enabling it to limit the supply. Furthermore, Dr. Mulligan's article states, "*Mental health services provided by psychologists and social workers are not reimbursable through the Canadian health plan.*"

In contrast, Hawaii's psychologists and clinical social workers ***are*** currently reimbursed by health insurance plans. In fact, nationally, social workers are one of the largest providers of mental health services. NASW hopes that any changes to the present health care system will maintain services currently provided to Hawaii's citizens and not provide less than what we have now. We urge you to include services provided by a wide variety of providers so that the problems experienced in Canada of long waits and shortage of specialists will not occur in Hawaii. We also urge you to include medical social work services provided by quality social workers as an integral part of all health insurance benefits and that social work services are provided along the entire health care continuum.

Thank you for the opportunity to testify and thank you for the work you are doing on this important issue.

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October 11, 2005

Temporary Health Care Task Force
Rep. Josh Green, M.D.,
Chair
Rep. Patricia Blanchette, M.D.
Vice Chair

By Fax: 585-7932

DATE: Thursday, October 12, 2005
TIME: 4:30 p.m.
PLACE: State Capitol, Room 329

TESTIMONY OF STEPHEN M. SHAW

Dear Chairman Green, Vice Chair Blanchette and Members Of The Task Force:

A. Single Payer Legislation – A Closer Look At Sunshine Values

The numbers which look very positive – especially of the amounts which are already being paid for health care – are offset by the grim reality that physicians are receiving only about 30 cents on every dollar billed, if they are lucky, and our hospital reimbursements lag far behind the rest of the country. "A.3".

Without an immediate shift of claims handling and claims payment to a state agency, the reimbursement problem will not be solved, because private hands are manipulating the very public function of reimbursement rates for the procedures involved, without benefit of sunshine laws, accountability or the Uniform Information Practices Act.

While physicians, hospitals and non-physician providers will receive much less administrative problems with a single entity to handle their standard claim forms, the entire reimbursement problem cannot be tackled immediately, unless HMSA informs the Task Force the amount of "claims made".

While HMSA paid about +1.3 billion in claims in 2003 ("B.2"), the "claims made" were actually much, much higher. Since HMSA only took in about $1.5 billion that year, it is no surprise that by controlling claims payment, there was a portrayal of financial health.

The point is, once a model health insurance policy is put to the test of a premium rate for all residents, that premium is tentative only, because the low reimbursement levels to health providers cannot be solved by merely shifting to a single state claims handling entity.

A model insurance policy, as a point of beginning, is written into Hawaii law, and found in the Prepaid Health Care Administrative rules ("HAR"). I trust the Uninsured Project will attach HAR §12-12-1 to my testimony here as exhibit "C". Also, I think exhibit "B" has been amended by the uninsured project to reflect that the year was 2004.

B. The Prepaid Health Care Act (PHCA) Will Remain Infect

Because of the exemption and waiver clauses in this law at "D", a single payer system will have no effect on the PHCA. That law was designed with an eye to the future that is now upon us. See HRS §393-17 (exemptions) and HRS §393-121 (waivers), "D".

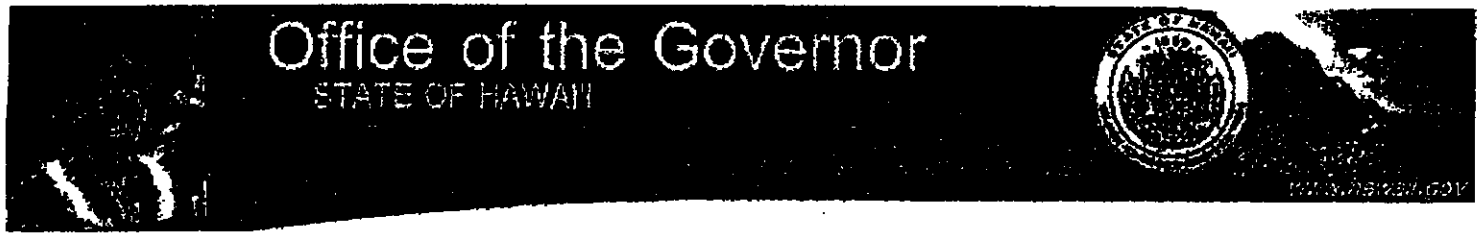
C. **Other Coverage Options**

The "HMSA Plan 4" and "Kaiser Plan 13" are written into state law. If accepted as merely basic coverages for all Hawaii residents, then insurers should be able to offer supplemental coverage. Keeping the Prepaid Health Care Act will enable these supplemental coverages to be advertised as available by employers on a voluntary enrollment basis.

Respectfully Submitted,

Stephen M. Shaw

Encls. Exhibits "A" – "D"



Minutes
Return to Minutes

Minutes for 11/10/04

West Hawaii Advisory Committee Meeting
November 10, 2004
Mayor's Office
75-5706 Kuakini Highway Suite 103
Kailua-Kona, HI 96740

CALLED TO ORDER: 5:34pm

PRESENT: Ikaika Hauanio, Rick Vidgen, Beverly Byouk, Joanne Ralston, Darryl Kurozawa, Sharon Sakai, Shirley Spencer, Bill Sanborn and Sharron Ackles

ABSENT: John Ray

Introduction of committee members and guests.
Approval of minutes for October 13, 2004, moved & carried.

OLD BUSINESS: None

NEW BUSINESS:
1. West Hawaii Community Health Center – John Buckstead
HISTORY: West Hawaii is the only area of the state without a community clinic. Original organizers were Marnie Herkes, Gretchen Lawson and Glenn Sparks. The

EXHIBIT A

Salvation Army became involved with the Executive Committee (task force) to bring to West Hawaii a community health clinic.
The West Hawaii Health Clinic is a registered 501-C3 with a 15 member Board of Directors.
The Board filed for Federal funding meeting the requirement that all persons would be served by the clinic without discrimination. The first grant request for Federal funding was denied. Anew proposal for Federal funding will be submitted in January 2005, the proposal is approximately 200 pages and provides greater detail and depth than the first.
The Salvation Army Clinic will close in December 2004 and WHCHC has submitted a proposal for funding to Aloha Care in an effort to continue operating this clinic.
An Executive Director from Oregon has been hired. This person has a PHD in Administration and extensive experience in the field of health clinics.
The geographical reach of the clinic will be Kawaihae to Milolii. The clinic will be located in Kailua-Kona at the Territorial Center on Kuakini Highway. Funding resources include Federal, State and County government in addition to various charitable organizations. Aloha Care provided a planning grant to assist in the hiring of consultants. It is noted that this grant played a significant role in bringing the clinic closer to reality. Aloha Care also provided an additional grant in the amount of $175,000.00. Additionally has offered the WHCHC and 1-2 matching funds program, i.e., if the Clinic raises $50,000.00 Aloha Care will provide $25,000.00.
The Clinic will provide primary care and pediatric services. One physician on full time staff in the beginning.
Mr. Buckstead has requested that the committee;
- write letters of support in regard to the clinic.
- communicate to others in regard to the effort being made.
- Consider sitting on the BOD.
Committee comment to invite Mr. Buckstead for an update in February or March 2005.

2. Hawaii Health Systems Corporation – Lynn Walton, Executive Director Kona Community Hospital
PHYSICIAN SHORTAGE: Mr. Walton provided information that has negatively affected the ability of the state to maintain physicians currently practicing in the state and the recruiting efforts to attract new physicians. These statistics reflect the disparity

A.2

between the costs of providing services and the reimbursement to the provider. Hawaii lags far behind the nation in payer margins.
- Hospital Margins - Medicaid
Nation: -4% to -9%
Hawaii: -25%

- Hospital Margins – Medicare
Nation: -2% to 6%
Hawaii: -21%
- Hospital Margins – Private Payers
Nation: +14% to +18%
Hawaii: + 6%
(AHA report – March 2003 reporting from 3,154 hospitals)
Mr. Walton reported that Hawaii physicians are reimbursed at a rate of 30% less than doctors practicing on the mainland. Because of low reimbursement younger doctors are not choosing to practice in the state of Hawaii. Being at a disadvantage to attract the younger doctor marketing is geared toward the recruiting the middle-aged physician that is looking for a lifestyle change in a new environment.

Recruitment is needed in the following areas;
OB/GYN – several physicians in this specialty have left the state recently. Of the remaining the majority do not have hospital privileges due to the low reimbursement factor.
GENERAL SURGERY – two physicians currently being recruited.
INTERNERNAL MEDICINE – Current Internist is moving to retirement due to low reimbursement. Two internists are needed to appropriately meet the needs of the growing elderly population.
ORTHOPEDIC SURGEON – Currently recruiting one physician. There is not an Orthopedic Surgeon in West Hawaii that accepts workers compensation insurance due to low and/or non-payment schedules established by the insurance industry.
ANETHESIOLOGIST – The hospital works with two on a rotating /traveling basis.
GASTRONENTOLOGIST – A recent graduate is working in the hospital.
CARDIOLOGIST – One practicing physician. Dr. Wall is extremely overworked and there is an absolute need for another physician to share the workload.

A.3

Report

of the

INSURANCE COMMISSIONER

of

Hawaii

2004

SUMMARY OF INSURANCE BUSINESS
FOR THE YEAR 2003

DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS
J.P. SCHMIDT, Insurance Commissioner

EXHIBIT B

Table 2: MUTUAL BENEFIT SOCIETIES & HEALTH MAINTENANCE ORGANIZATIONS AUTHORIZED TO TRANSACT INSURANCE IN HAWAII DURING 2003

NAME OF COMPANY	HAWAII BUSINESS FOR THE YEAR ENDED DECEMBER 31, 2003	
	DIRECT PREMIUMS WRITTEN	NET CLAIMS BENEFITS PAID
MUTUAL BENEFIT SOCIETIES		
HAWAII MANAGEMENT ALLIANCE ASSOCIATION	$ 66,899,152	$ 43,036,350
HAWAII MEDICAL SERVICE ASSOCIATION	1,458,860,761	1,337,999,861
MUTUAL BENEFIT ASSOCIATION OF HAWAII	562,649	486,923
UNITED PUERTO RICAN ASSN OF HI	—	—
UNIVERSITY HEALTH ALLIANCE	56,269,891	44,761,293
VOLUNTARY EMPLOYEES' BENEFIT ASSN OF HI	5,206,309	815,648
TOTAL (1)	$ 1,587,798,762	$ 1,427,060,075

NAME OF COMPANY	HAWAII BUSINESS FOR THE YEAR ENDED DECEMBER 31, 2003	
	HEALTH CARE RELATED REVENUES	TOTAL MEDICAL & HOSPITAL EXPENSES
HEALTH MAINTENANCE ORGANIZATIONS		
ALOHA CARE	$ 87,209,964	$ 69,269,159
KAISER FOUNDATION HEALTH PLAN, INC. (2)	710,453,638	685,996,137
TOTAL (1)	$ 797,663,602	$ 755,265,296

N/A Not Available
(1) Figures may not total due to rounding
(2) Hawaii Region

EXHIBIT B-2

3RD DOCUMENT of Level 1 printed in FULL format.

TITLE 12. DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
SUBTITLE 3. DISABILITY COMPENSATION DIVISION
CHAPTER 12. PREPAID HEALTH CARE

WCHR 12-12 (2005)

12-12. PREPAID HEALTH CARE

SUBCHAPTER 1 GENERAL

@ 12-12-1 Definitions. As used herein:

"Continuation of coverage in case of inability to earn wages" means that allocation of health care premium will be based on an employee's continuing ary, if this be the case, or the salary or wages that the employee received the last fully completed month prior to the disability. Thus, the employer must continue the coverage by paying for the employer's share of the premium and the employee must contribute towards the premium to the same extent as prior to the disability.

"Covered employee" means an eligible employee who is provided health care coverage by an employer.

"Department" shall be as defined in section 393-3, HRS.

"Director" shall be as defined in section 393-3, HRS.

"Eligible employee" means an employee who has worked for an employer for twenty or more hours a week for four consecutive weeks, and earned 86.67 times the Hawaii minimum hourly wage.

"Employer" shall be as defined in section 393-3, HRS.

"Employment" shall be as defined in section 393-3, HRS, and shall include the period an employee is receiving benefits under chapters 386 or 392, HRS, for a period of not less than that prescribed in section 393-15, HRS.

It shall also include services performed by an individual for wages or under any contract of hire irrespective of whether the common-law relationship of master and servant exists unless and until it is shown to the satisfaction of the director that:

EXHIBIT C

(1) The individual has been and will continue to be free from control or direction over the performance of the service, both under the contract of hire and in fact;

(2) The service is either outside the usual course of the business for which the service is performed or that the service is performed outside of all the places of business of the enterprise for which the service is performed; and

(3) The individual is customarily engaged in an independently established trade, occupation, profession or business of the same nature as that involved in the contract of service.

"Four consecutive weeks" means any consecutive period of four weeks which an employee worked for an employer.

"Health care contract" means the entire approved plan of the health care contractor including its terms and conditions and benefit schedule.

"Premium" shall be as defined in section 393-3, HRS.

" Prepaid health care contractor" shall be as defined in section 393-3, HRS.

" Prepaid health care plan" shall be as defined in section 393-3, HRS.

Prepaid health care plans which have the largest number of subscribers in the State shall be the "HMSA Plan 4" and "Kaiser Plan B" which are located at the end of this chapter.

"Regular employee" shall be as defined in section 393-3, HRS, but does not include dependents of an employee who are covered by a health care plan as an employee of the same employer.

"Regular wages" include an employee's disability income insurance provided for and paid entirely by the employer in excess of that required by any law.

"Seasonal employment" means employment by an employer defined in the second sentence of section 393-3(8), HRS, during its seasonal period or seasonal periods. "Seasonal period" or "seasonal periods" means the period or periods of seasonal activity of less than an aggregate of twenty-six calendar weeks in twelve consecutive calendar months in which the volume of employment by the employer in the pursuit, measured in terms of average weekly man hours per week, is at least fifty per cent more than the average weekly man hours of employment by the employer in the twelve consecutive weeks in such twelve consecutive calendar months when the volume of employment by the employer is the lowest in such pursuit; provided that employment by an employer in seasonal pursuit engaged in the cultivating, harvesting, and processing of coffee and macadamia nuts and other crops or products constitutes seasonal employment during the employer's seasonal period or seasonal periods, provided further that employment during the seasonal period or seasonal periods by an employer engaged in the cultivating, harvesting, processing, canning, and warehousing of pineapples constitutes seasonal employment.

"Self-insurer" means an employer as defined in section 393-3, HRS, who

[§393-17] Exemption of certain employees. (a) In addition to the exemption specified in section 393-16, an employer shall be relieved of the employer's duty under section 393-11 with respect to any employee who has notified the employer, in the form specified by the director, that the employee is:

(1) Protected by health insurance or any prepaid health care plan established under any law of the United States;

(2) Covered as a dependent under a prepaid health care plan, entitling the employee to the health benefits required by this chapter;

(3) A recipient of public assistance or covered by a prepaid health care plan established under the laws of the State governing medical assistance.

(b) Employers receiving notice of a claim of exemption under this section shall notify the director of such claim in the form prescribed by the director. [L 1974, c 210, pt of §1; gen ch 1985]

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EXHIBIT D

§393-21 Individual waivers; additional withholding for dependents. (a) An employee may waive individually all of the required health care benefits pursuant to this chapter by:

(1) Requesting the waiver by a writing submitted to the employer; and

(2) Receiving approval of the waiver from the director upon the director determining that the employee has other coverage under a prepaid health care plan which provides benefits that meet the standards prescribed in section 393-7.

(b) The employer who receives from an employee a written request for a waiver under this section shall transmit to the director a copy of the waiver, on a form prescribed by the director, and a copy of the prepaid health care plan on the basis of which the waiver is requested.

(c) A waiver under this section is binding for one year and is renewable for subsequent one-year periods.

(d) An employer who, directly or indirectly, coerces or attempts to coerce an employee in making a waiver under this section shall be subject to the penalty provided under section 393-33(b).

(e) An employee may not agree to pay a greater share of the premium for such benefits than is required by this chapter.

(f) Subject to section 393-7(b), an employee may consent to pay a greater share of the employee's wages and to a withholding of such share by the employer for the purpose of providing prepaid health care benefits of the employee's dependents under the plan providing such benefits for the employee's self. [L 1974, c 210, pt of §1; am L 1976, c 81, §1; gen ch 1985]

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EXHIBIT D-2

TO: Hawaii Health Care Task Force (10/12/05)
FROM: Renee Ing, PNHP-Hawaii Legislative Representative

Hawaii is at an important crossroads in our effort to cover all in Hawaii to make health care in our islands universal for everyone. We have two options: Expand the current system, or move to a single-payer.

We can, as PNHP recommends, create a single-payer system, as 28 advanced nations have because of the inherent advantages of a single-payer health system. Or, we can expand our present system to cover all —with medical savings accounts, vouchers, or other schemes—throwing more money into the system, and ending up with the type of fiscal fiasco that the Medicare Prescription Drug Law so clearly exemplifies.

First, as we're aware, almost 1/3 of health care dollars are spent today on administrative bureaucracy of multiple systems. Expanding our present system means we would continue to waste this 31% of health dollars—which could be spent, as the Canadian experience clearly shows, on health care provision instead.

Secondly, the fraud and malpractice which can be easily hidden in our system, would continue to exist in an expansion of the present system. Moreover, multiple computers in multiple systems make it impossible for us to address the inefficiencies in our system

The combined cost of administrative waste, fraud, malpractice and inefficiencies in our system is huge. We pay twice as much for healthcare as Canada does, but they cover everyone. Expanding our system does not address these symptoms of our health care crisis.

An expansion of our system will not stop the annual, double digit inflation of healthcare costs—or the harmful effect it has on UNDER-insured employees, or businesses, or local governments' budgets, or the unions, or the medical industry itself. There is a global pandemic coming, which the rest of the world is preparing for, while we remain stuck in neutral. When it hits Hawaii, the Crossroads of the Pacific, it will have the same effect on insurance companies that Iwa and Iniki did—probably worse. It's effect on the state will rival Indonesia and make Katrina pale by comparison, with 1.9 million expected to die nationally.

PNHP-Hawaii advocates a single-payer health system for Hawaii because:

1) That 1/3 of health dollars will no longer be wasted on paper-pushing, etc, but can be used for health care.
2) I understand the fraud and malpractice rampant in our system are negligible in single-payer systems since their single computer system can find the "outliers." Work Comp, would of course, become a moot issue.
3) And the one computer network made possible in a single-payer system makes it easier to increase quality plus reduce mistakes, talk to each other instantaneously during crises, and plan/ coordinate to address future problems rationally on a system-wide basis.

Past studies of health care reform options by the CBO (Congressional Budget Office) and the Lewin Group for California show the single-payer option to be the best, most affordable and effective solution to our healthcare crisis. Therefore, PNHP-Hawaii highly recommends that this Hawaii Health Care Task Force study the single-payer solution by contracting with **KAREN PALMER**, to advise you on the single-payer concept/ public policy, and the **LEWIN GROUP** to do a feasibility study of single-payer for Hawaii.

JIM BREWER TESTIMONY
TO THE ACT 223 TEMPORARY HEALTHCARE TASK FORCE 10-12-05

Aloha Task Force Members

My name is Jim Brewer testifying in favor of Hawaii having "healthcare for all" through the instituting of a Single-payer Universal Healthcare Authority.

I am here to ask that you engage the services of a representative of Physicians for a National Health Program in order to fairly put forward the case for a single-payer healthcare for all system for Hawaii.

Also; to ask that in the pursuit of "healthcare for all" residents of Hawaii, we do not jeopardize the main anchor of Hawaii's basically solid but deteriorating healthcare system---The Prepaid Healthcare Act of 1974.

" Where there is a way." Is still s basic truism. Because this indomitable attitude has been the basis for many of the great advances towards a just and humane world. The Prepaid Healthcare Act of 1974 is just one example. There are problems to overcome; which is only natural; and, extra effort will be needed working with this complex problem.

I do ask that you continue to help assure a level playing field for the two ideas being put forward--- extending insurance to everybody via an extension of the present failing private insurance system; and, the single-payer system.I got the definite impression from statements made by Task Force members in prior meetings that you might be on the verge of shelving single-payer and therefore cutting off Hawaii being able to hear the single-payer story from the most dedicated and informed advocates of single-payer.

Next week there will be a high-priced event in Waikiki of representatives of the present system. They will get all kinds of media coverage because they operate within the present structural dynamic associated with healthcare financing via private insurance which is the source of so much advertising revenue to the corporate-commercial media and other basic conflict of interest connections working at odds with the basic delivery of unbiased news and information; in this case about efficient cost-effective healthcare insurance.

Not all things are necessities of contemporary life are conducive to the "business model." We have the many successful models in public utilities; both publicly and privately-run. One example I would put forward is the highly successful Los Angeles Department of Water and Power. We also have many examples of where the needs of the people, or the economy are regulated to ensure a level-playing field. We have one bad example of this in the Federal Reserve Central Banking System which ostensibly tries to regulate the economy to maintain a balance between inflation and unemployment. It has because of basic conflicts of interest never been able to provide us with a true "full employment" economy.

I have attached some materials which address the basic question before us; a level playing field where the public's un- or under-funded grassroots organizations efforts to influence events in the corporate-money-dominated politics of our day is once again being tested.

Aloha and Mahalo. Jim Brewer