

**REPORT TO THE TWENTY-FIFTH HAWAII  
STATE LEGISLATURE 2009**

**IN ACCORDANCE WITH THE PROVISIONS OF  
ACT 236, SESSION LAWS OF HAWAII 2007, ON THE HAWAII  
INFANT HEALTH CARE PROGRAM AND THE HAWAII  
CHILDREN'S HEALTH CARE PROGRAM**

**DEPARTMENT OF HUMAN SERVICES  
MED-QUEST DIVISION  
December 2008**

**REPORT ON THE HAWAII INFANT HEALTH CARE PROGRAM AND THE HAWAII CHILDREN'S HEALTH CARE PROGRAM PURSUANT TO ACT 236, SESSION LAWS OF HAWAII (SLH) 2007**

Act 236, SLH 2007, established the Hawaii Infant Health Care program and the Hawaii Children's Health Care program as temporary three-year pilot programs to provide continuous, quality health care services to uninsured newborn children and uninsured children, respectively, who live in Hawaii.

For the Hawaii Infant Health Care program, the Department of Human Services (DHS) is required to report to the Legislature:

- (1) The number of children who were provided services through the Hawaii infant health care program;
- (2) A list of health care providers or managed care plans participating in the program;
- (3) The annual cost of the program; and
- (4) Any proposed legislation necessary to improve the program.

For the Hawaii Children's Health Care program, DHS and any participating managed care plan is required to report to the Legislature:

- (1) Any problems experienced with the program involving crowding out eligible participants;
- (2) Instances of people canceling their previous coverage to receive this free coverage;
- (3) The amount of funding used and for what purposes;
- (4) Any other problems encountered in the administration of the program; and
- 5) Any proposed legislation.

Act 236, Keiki Care, authorized an Infant Health Care program, eliminated Med-QUEST program premiums for U.S. citizen children in families with incomes 251-300% of the Federal Poverty Level (FPL), expanded legal resident children eligibility for free Med-QUEST programs from families with income of 200% FPL to 300%, and created the Keiki Care plan, a three-year public-private partnership pilot between the State and HMSA to provide a basic health insurance coverage package to children not eligible for Med-QUEST programs.

The Infant Health Care program was intended to provide health insurance for children from birth to thirty days old. The Med-QUEST Division (MQD) issued a Request For Proposals, but no insurer submitted a proposal. MQD implemented the expansion of free health insurance, and through Medicaid and S-CHIP, United States citizen and legal resident children age 0-18 years in families with incomes up to 300% FPL can now receive free comprehensive health insurance through the QUEST and Fee-For-Service programs. For a family of four, this equates to an income over \$73,000.

The Keiki Care plan provides health insurance to children age 31 days to eighteen years and was intended to provide health insurance to those children, who were uninsured and not eligible for Med-QUEST programs, a so-called "gap group." This group includes children in families with incomes exceeding 300% FPL that are unable to afford health insurance and children in families

with incomes less than 300% FPL who are on temporary visas or undocumented. The benefits package available through the Keiki Care plan mirrored the benefits in HMSA's Children's Plan, which was being offered at the time at \$51 per child per month, and would be offered for free under the Keiki Care plan with HMSA and the State each paying half of this premium.

Keiki Care plan enrollees were required to have a six-month period of uninsurance, with an exception later added for children of parents affected by certain business closures including Aloha Airlines and Molokai Ranch. In addition, children who were enrolled in HMSA's Children's Plan were allowed to switch into Keiki Care when it began.

There were 1,804 children enrolled in Keiki Care when it launched in April 2008, including approximately 1,750 or 95% of children previously insured through HMSA's Children's Plan who switched. By October 2008, total enrollment in Keiki Care had increased to 2,021, of which approximately 1,700 of the 1,750 who switched from HMSA's Children's Plan to Keiki Care were still enrolled.

The QUEST program offers health insurance with benefits far surpassing those offered through Keiki Care. HMSA was expected to perform due diligence and ensure that no children enrolled in Keiki Care were eligible for QUEST; however, Keiki Care applicants were not required to apply for Med-QUEST program eligibility, so some may have been eligible. Those with the greatest chance of being eligible for Med-QUEST programs were those in HMSA's Children's Plan who rolled into Keiki Care (approximately 1,700 children). Since Med-QUEST program eligibility for free health insurance for children increased from 200% to 250% in October 2006 and again from 251% to 300% in January 2008, these children may have enrolled in HMSA's Children's Plan because they were not eligible for the Med-QUEST programs prior to these expansions.

Upon evaluation of the August 2008 data for Keiki Care, nearly 2,000 children were enrolled with an estimated upper limit of 300 enrollees (15%) who met the original criteria of the "gap group", i.e. being uninsured because of inability to purchase health insurance, being undocumented, or being on a temporary visa. This meant that for every one or two children in the "gap group" being insured through Keiki Care, an additional eight or nine children not in the "gap group" were also being insured through Keiki Care.

Keiki Care was costing the State approximately \$600,000 per year. Given the State's weakening fiscal situation and the fact that none of the appropriated State funds for Keiki Care were released to DHS as well as the fact that the program not limiting its enrollees to the neediest and legislatively identified "gap group," the DHS contract with HMSA for the Hawaii Children's Health Care program was terminated and DHS stopped providing its \$25.50 share of per child per month premium effective November 1, 2008.

HMSA decided to continue the Hawaii Children's Health Care program through the end of 2008. The Med-QUEST Division sought a no-cost contract extension with HMSA to allow the Med-QUEST Division to obtain phone numbers of the Keiki Care enrollees in order to perform outreach regarding their potential Med-QUEST program eligibility, but HMSA did not agree to

it. However, HMSA reached out to DHS to partner in sending a letter to Keiki Care enrollees informing them of their health insurance options through HMSA and the State.

There continues to be a small or difficult to reach “gap group” of uninsured children, and we would like to see that all children have access to affordable health insurance, through an efficient program that responsibly utilizes State funds and prioritizes the neediest. The Med-QUEST Division seeks to ensure that any child eligible for a Med-QUEST program gets enrolled, and it has contracted with the Hawaii Primary Care Association to increase the number of outstation eligibility workers by more than 30. Currently, about 108,000 Hawaii keiki are enrolled in Med-QUEST programs.