



Basic Health Program Report

In Accordance with Act 254 (SLH 2012)

Prepared by the

INSURANCE DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII

December 2012

Foreword

Act 254 (SLH 2012) requires the Insurance Commissioner to submit to the legislature a report that provides findings and recommendations related to a study of a basic health program for Hawaii.

This is the preliminary report on the basic health program. The final report will be submitted in January 2013.

GORDON I. ITO
Insurance Commissioner

Preliminary Basic Health Program Report (2012)

Act 254 (SLH 2012) requires the Insurance Division of the Department of Commerce and Consumer Affairs to prepare a comprehensive study on the feasibility of establishing a basic health program in Hawaii. Act 254 further requires the Insurance Division to submit a report of its findings and recommendations including any proposed legislation to the 2013 Legislature.

The Insurance Division has contracted with the actuarial firm of Oliver Wyman Actuarial Consulting, Inc., to perform a feasibility study on the basic health program. This study is largely completed, but final adjustments are being made on the study and to the related Insurance Division report. Therefore, the Insurance Division is submitting this preliminary report in December 2012 and intends to submit the final completed report by the end of January 2013. We apologize for the delay, but we believe it is necessary to produce a report that is comprehensive.

The Basic Health Program is authorized under the Patient Protection and Affordable Care Act of 2010 (“PPACA”). The Basic Health Program may be run by a State government to provide health insurance to its population that meets the following criteria:

- a. They are not eligible for Medicaid or CHIP.
- b. They are at least 19 years old.
- c. They are under 65 years old at the beginning of the plan year and not eligible for Medicare, or TRICARE, or Veteran’s Health Care.
- d. Their income falls between 133% and 200% Federal Poverty Level (“FPL”) for US citizens and below 133% FPL for legal aliens.
- e. If they have access to Employer Sponsored Insurance coverage, it does not provide coverage for essential health benefits or is deemed unaffordable based on their income.

Within the Basic Health Program, states contract with health plans to provide essential health benefits for non-Medicaid eligible low-income individuals. The Federal government would provide the state 95% of the premium tax credits and cost sharing subsidies that would have been provided for those individuals had they been enrolled with individual coverage in the health insurance exchange or Hawaii Health Connector. Individuals enrolled in the Basic Health Program must pay a premium for coverage, but there will be some level of cost sharing subsidies funded by the federal government.

Advocates for the Basic Health Program believe that it can reduce churn of membership occurring as people transition between eligibility for the Medicaid program and the Hawaii health insurance exchange or Hawaii Health Connector.