

SECTION IV
Health Care Financing in Hawai‘i

..... **Public and Private Health Insurance**

Private insurance and Prepaid Health Care Act (PHCA). Hawai‘i’s unique PHCA requires most employers to provide private insurance to their permanent employees who work twenty or more hours per week. Because of this Act, only about 10% of Hawai‘i’s population is uninsured, but it has also led employers to create more part-time jobs exempt from the law. In 2004, Hawai‘i Medical Services Association (HMSA)—Blue Cross Blue Shield of Hawai‘i—continued to be the state’s largest private health insurance provider with 42% of the private market, while Kaiser Permanente had 13%. The Hawai‘i Management Alliance Association (HMAA) and University Health Alliance (UHA) provided most of the other choices in private health insurance.⁴⁰ Reportedly, one in six Hawai‘i residents has more than one kind of health plan.⁴¹ Overlaps occur in private insurance, CHAMPUS / TRICARE, and Medicare.

Medicaid/QUEST/SCHIP. In 1994, Hawai‘i became one of the first states in the nation to implement a Medicaid managed care waiver. Called QUEST, the new program enrolled all but the aged, blind, and disabled beneficiaries in managed care. Hawai‘i started its State Children’s Health Insurance Program (SCHIP) in 2000 as a Medicaid expansion program so most children included in that program are covered in a QUEST plan. Hawai‘i’s Medicaid and SCHIP programs cover legal immigrant children and pregnant women with the same income criteria as citizens. Hawai‘i also includes migrants from the U.S.–affiliated Pacific for eligibility in all its Med-QUEST programs.

The following shows enrollment in Medicaid and QUEST insurance programs as of January, 2006:

Age	Aged, Blind, and Disabled	QUEST	SCHIP	Immigrant Children	TOTAL
< 1 – 18	2,210	82,431	15,542	3,149	103,332
19 – 39	4,640	40,995	10	3	45,648
40 – 54	8,331	16,767	0	0	25,098
55 – 64	5,447	4,701	0	0	10,148
65 +	19,905	11	0	0	19,916
TOTAL	40,533	144,905	15,552	3,152	204,142

⁴⁰ Health Trends in Hawai‘i, 7th edition, 2006, published by HMSA Foundation.

⁴¹ Ibid.

While at one time the QUEST program contracted with six managed care plans, there are currently just three plans: HMSA, Kaiser Permanente, and AlohaCare. AlohaCare, a not-for-profit plan, was founded and continues to be governed by Hawai‘i’s Community Health Centers. It is the second largest QUEST plan.

Medicare. According to the Centers for Medicare and Medicaid Services (CMS), as of 2004, Hawai‘i had 177,678 residents enrolled in Medicare. By county, the numbers were:

City & County of Honolulu	129,212
Hawai‘i County.....	23,084
Kalawao County (Kaulapapa, Moloka‘i).....	54
Kaua‘i County.....	8,996
Maui County	16,332

TRICARE / CHAMPUS. According to *Health Trends in Hawai‘i*, “TRICARE refers to three federal health plans (Extra, Prime, and Standard) that provide health care to military retirees and dependents of active service personnel. In 1996, TRICARE replaced CHAMPUS in Hawai‘i.”⁴² In 2004, about 10% of the state population had TRICARE coverage.

..... **Subsidies and Support**

Federal Funding. Hawai‘i’s 13 Community Health Centers receive more than \$11 million in Community Health Center grants through the federal Bureau of Primary Health Care (BPHC), DHHS, which also provides \$515,000 to the Hawai‘i Primary Care Association (HPCA). Community Health Centers and HPCA receive another \$4.2 million in other federal grants. Native Hawaiian Health Care Systems (NHHCS) funding amounts to \$12.4 million in federal grants through BPHC, of which \$11.2 million funds the community-based NHHCS, and \$1.2 million supports Papa Ola Lōkahi.

State and Local Funding. About \$13 million in revenues to Community Health Centers comes from state and local sources. The majority of this comes from state “purchase of service” contracts and subsidizes some of the costs related to uninsured care, outreach, case management, and health education.

⁴² Ibid.

..... **Community Health Center Resources**

While public and private grants and subsidies are essential to ensure the financial viability of Community Health Centers, the single largest source of their support comes from Medicaid collections for services rendered. The following shows the important categories of support for Community Health Centers in Hawai'i (2005):

Medicaid/QUEST collections	\$33.9 million	43%
Private Insurance collections	\$5.8 million	7%
Medicare collections	\$3.8 million	5%
Self-pay collections	\$2.0 million	3%
Federal grants & subsidies	\$15.0 million	19%
State & County grants & subsidies	\$13.0 million	17%
Private grants, donations & other	\$5.1 million	6%
TOTAL	\$78.6 million	100%